

IN RE: KENTUCKY RIVER AUTHORITY

MEETING NO. 139

June 3, 2008
1:00 P.M.
Frankfort Plant Board Clubhouse
98 Tanglewood Drive
Frankfort, Kentucky

APPEARANCES

Mr. Bob Ware
CHAIRMAN

Mr. Randall Christopher
Mr. William Grier
Mr. L. C. Reese
Mr. Warner J. Caines
Mr. Daryl Newby
Mr. Rex Morgan
Mayor Michael Miller
Deputy Sec. Glenn Mitchell
Proxy for Secretary Jonathan Miller
Ms. Valerie Hudson
Proxy for Dep. Secretary Hank List
MEMBERS OF THE KENTUCKY
RIVER AUTHORITY

Mr. Stephen Reeder
EXECUTIVE DIRECTOR

Mr. Don Morse
Mr. David Hamilton
Mr. Kyle Christopher
Ms. Sue Ann Elliston
KENTUCKY RIVER AUTHORITY STAFF

CAPITAL CITY COURT REPORTING

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GUESTS PRESENT

Dr. Lindell Ormsbee
Judge Executive Ted Collins
Mr. Gippy Graham
Ms. Vicki Goins
Mr. Jim McWilliams
Hon. Tom Marshall
Mr. Rodney Simpson
Mr. Bryan Lovan
Mr. David Brown Kinloch
Ms. Pat Banks
Dr. Alan Banks
Mr. Herb Smith
Mr. Jeff Dingrando

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MOTION TO APPROVE KRA MINUTES #138.....PAGE 3, LINE 3

CHAIRMAN WARE: The first order of business today will be the approval of the minutes of our previous meeting in March.

MAYOR MILLER: So moved.

MR. REESE: Second.

CHAIRMAN WARE: I've got a motion and a second. All in favor, say aye. Motion carries.

**MOTION TO APPROVE FINANCIAL REPORT AND
TO APPROVE TRANSFER OF \$210,000 TO DEBT
SERVICE FUNDPAGE 9, LINE 19**

MAYOR MILLER: I'll make a motion to approve the Financial Report and to approve the transfer of \$210,000 to the bond interest account or bond holding account, whatever the proper term of it is.

MR. GRIER: I'll second it.

CHAIRMAN WARE: We've got a motion to approve Don's report and the transfer of the \$210,000 and a second. Any further discussion? All in favor, let it be known by saying aye. Any opposition by a like sign? Motion carries.

**MOTION TO APPROVE WATERSHED MANAGEMENT
PROPOSALPAGE 25, LINE 15**

CHAIRMAN WARE: So, at this point, if there's no further questions or discussion, I would like to entertain a motion with regard to funding this proposal for the coming year.

MR. CHRISTOPHER: So moved.

CHAIRMAN WARE: We have a motion.

MR. NEWBY: Second.

CHAIRMAN WARE: And a second. If there's no further discussion on that, I will take a vote. All those in favor, let it be known by saying aye. Any opposition by a like sign. Motion carries.

MOTION TO ADJOURNPAGE 129, LINE 14

CHAIRMAN WARE: I would entertain a motion to adjourn.

MR. CHRISTOPHER: So moved.

1 CHAIRMAN WARE: Good afternoon,
2 ladies and gentlemen. We will call this Meeting No. 139 of
3 the Kentucky River Authority to order. The first order of
4 business today will be the approval of the minutes of our
5 previous meeting in March.

6 MAYOR MILLER: So moved.

7 MR. REESE: Second.

8 CHAIRMAN WARE: I've got a motion and a
9 second. All in favor, say aye. Motion carries.

10 Next on the agenda will be Don Morse's
11 Financial Report. Excuse me, Don, Just for the record,
12 let's have Sue Ann call the roll.

13 (ROLL CALL)

14 MS. ELLISTON: We do have a quorum.

15 CHAIRMAN WARE: Thank you. Before Don
16 starts, I want to recognize Judge Ted Collins, Franklin
17 County Judge Executive. Appreciate you attending our
18 meeting, Judge. I don't think there are any other public
19 officials that I see around. Also, Gippy Graham is present.
20 It's nice for you to be in attendance, Mr. Graham.

21 Okay, Don, give us our Financial
22 Report.

23 MR. MORSE: Since we met last, we

1 prepared reports for you for the months of March and April of
2 '08. They should be in your packages there. I'll hit a few
3 highlights on those.

4 For fee revenue for this time period,
5 we collected \$106,000 in Tier I revenue and nearly \$53,000 in
6 Tier II funds. These are final collections from the quarter
7 ending last December.

8 Our revenue pattern follows a cycle
9 that basically is on the decline during the winter months, as
10 you would expect. It bottoms out basically with the January
11 through March quarter and then starts to increase again,
12 topping out with the fall quarter of the year.

13 But we are up to date on our
14 collections. You will see at the bottom of page 1 on the
15 April report, we only had outstanding receivables of \$5,700.
16 So, we're in good standing on collections.

17 The investment income for this period
18 was \$56,900 in distributions. We are part of a pool
19 investment program that the Finance Cabinet runs for us. So,
20 cash flows are managed not for us individually but for the
21 pool in total. Therefore, it's a little difficult to
22 determine when we actually receive the funds from investment
23 earnings.

24 Besides the \$56,900 that we actually

1 collected, our accruals increased by nearly \$78,000. If you
2 note at the bottom of page 1, we now have accruals of
3 \$318,000 that we will be entitled to at some point in the
4 future when the cash flow is determined in that distribution.

5 The actual rate of return during that
6 period was about 6.9% which is quite good in this market. I
7 wouldn't expect that to continue. I don't have first-hand
8 knowledge of what their investment portfolio looks like, but
9 typically they invest in about two-year Treasury notes. And
10 as soon as those mature out and they are reinvested at the
11 current rates, you will see a sharp decline just like
12 everyone else has experienced.

13 Notable disbursements during the
14 period, we paid UK \$34,000 for the watershed management
15 contract. We paid out the last of the Keane agreement for my
16 services, part of which we distribute to lock operations and
17 part to our general operations account to cover the cost of
18 accounting and budgeting for those different programs.

19 We paid our general contractor at Dam 9
20 \$115,000 back in March and another \$35,000 in April.
21 Stantec, which is the new name for Fuller Mossbarger, was
22 paid on their three ongoing design contracts. They were paid
23 \$102,000 for the structural analysis of all the dams not
24 under construction, another \$365,000 for the ongoing design

1 that they're doing on Dam No. 3 replacement and the two lock
2 renovations, and they were paid \$40,000 as they started back
3 up on the construction activities at Dam 9 for construction
4 oversight.

5 In our lock operations account, we
6 received our final quarterly allotment. There is a slight
7 adjustment on what the statements reflect. The last quarter
8 which you received the first of April will actually be \$9,000
9 less than what's shown on this statement. We had to
10 contribute our share of the 2-1/2% budget reduction that all
11 General Fund programs were required to cut this year and that
12 amounted to \$9,000 for our part.

13 We are probably going to have to use
14 some of our restricted funds or agency receipts to finish out
15 the year. We're going to run short on allotments for the
16 lock operations. The price of fuel and other costs that have
17 gone up will not be fully funded by the General Funds that we
18 have left.

19 So, I'll put you on note of that. I
20 don't think it will be a large amount, but we will have to do
21 something we haven't done in the past and that's supplement
22 that program.

23 The contract obligations that you have
24 outstanding are shown on the last page of the April

1 statement. It shows you that we have private contractor
2 obligations of \$8.6 million. Of course, most of that is for
3 the construction contractor at Dam 9. And we have another
4 \$510,000 of obligations for governmental service contracts.

5 A good part of that is the contract at
6 the bottom there to the Corps of Engineers which is kind of a
7 contingency obligation. Should federal appropriations
8 materialize for Dam 10, we would have to put up our share up
9 to that amount; but at the current time, we have no
10 expectation of actually spending that.

11 Cash balances at the end of the period,
12 we ended up with \$11.7 million in cash balance, \$2.6 million
13 of which is not obligated to any contract services at this
14 time. Of that unobligated funds, we have about \$1.12 million
15 of funds in the Dam 9 account for contingencies there.

16 We have an uncommitted balance on our
17 Tier I fees for general operations of \$695,000 at this time.

18 We should carry forward something in the range of \$770,000,
19 \$780,000 on that account at year end, and we'll talk about
20 that later on in the budget, but I think we've got a
21 definitive use for those funds right now.

22 We do have one action item. There's a
23 footnote on page 3 of your report that shows kind of an off-
24 budget or non-Treasury-held fund. Our Debt Service Fund that

1 we set up on the notes issued last November is held actually
2 by the trustee bank. It's called U.S. Bank. It's
3 headquartered in Minnesota and has offices all over the
4 country.

5 But in that account, we still have
6 \$347,000, but we're told by the Office of Financial
7 Management that we need to make another deposit to that
8 before year end in the amount of \$210,000.

9 So, at the end of this report, I would
10 request a motion to approve doing that. I think we're
11 obligated anyway, but I would feel more comfortable in
12 transferring those monies out if you would approve it.

13 That should take us through any
14 interest cost on those notes through the end of this calendar
15 year. And at that time, we will work with the Financial
16 Management folks to determine whether bonds will be available
17 to issue at that time or will we want to roll the note
18 program further out in the future.

19 Those funds represent prepaid interest cost at
20 this time, but I did want you to understand where those
21 monies were and what they are obligated to.

22 That's all I have.

23 CHAIRMAN WARE: Does anybody have any
24 questions or discussion for Don?

1 MR. GRIER: What is the reason for the
2 \$200,000 deposit on that?

3 MR. MORSE: Our effective interest rate
4 so far has been about 3.2%, as that footnote shows. When the
5 Financial Management folks estimate how much debt service
6 they want pre-funded, they use a much higher rate as sort of
7 a hedge against future interest rate movement.

8 So, they want funds up front I guess
9 until we get our credit established with these folks.

10 CHAIRMAN WARE: Any other questions?
11 I'll entertain a motion for the deposit of the \$347,305.82.

12 MR. MORSE: Well, what we need to
13 transfer to them is an additional \$210,000.

14 CHAIRMAN WARE: Just the \$210,000.

15 MR. CHRISTOPHER: Where is it coming
16 from, the Debt Service Fund?

17 MR. MORSE: We'll transfer that to the
18 trustee bank for these notes and then it will be applied to
19 actual interest in the future. I'll give you a footnote
20 every month showing what the payments to date are and what
21 the remaining balance of those funds are.

22 Since they're not held by the State
23 Treasury, they won't appear in our normal financial reports,
24 but I did want to give you information about it. So, I'm

1 doing that as a footnote item.

2 MAYOR MILLER: I'll make a motion to
3 approve the Financial Report and to approve the transfer of
4 \$210,000 to the bond interest account or bond holding
5 account, whatever the proper term of it is.

6 MR. GRIER: I'll second it.

7 CHAIRMAN WARE: We've got a motion to
8 approve Don's report and the transfer of the \$210,000 and a
9 second. Any further discussion? All in favor, let it be
10 known by saying aye. Any opposition by a like sign? Motion
11 carries. Thank you, Don.

12 The next item on the agenda is the
13 consideration of the University of Kentucky's Water Resources
14 Research Institute water management proposal for this year.
15 Dr. Lindell Ormsbee will give us a discussion of that
16 proposal.

17 DR. ORMSBEE: Thank you, Mr. Chairman.
18 I believe you all have two handouts that I will be referring
19 to. One is the actual Scope of Services that is a couple of
20 pages, and then I've got a little PowerPoint presentation
21 that I will walk you through. I'm not going to use the
22 overheads to save some energy.

23 Malissa was unable to be with us today.
24 She had something come up the last minute. So, you're stuck

1 with me I guess today.

2 I think most of the Board members are
3 familiar with this program. If you're not, just a real quick
4 history. We have been working with the Authority for twelve
5 years helping to implement watershed management activities
6 across the basin.

7 And if you flip over to the first slide
8 of the PowerPoint, there's just a reminder that the KRA
9 statute does carry with it language that deals with water
10 quality issues and also authorizes them to engage the
11 collection of data and assembling various reports on water
12 management issues which are two of the features that we have
13 basically acted on on behalf of the River Authority in the
14 previous years.

15 The next page just kind of gives you a
16 synopsis of the activities that we've been working on this
17 year which essentially will be the same broad categories for
18 next year if you all decide to re-fund us again.

19 One of those is watershed management
20 activities in general. Historically, we work very closely
21 with the Division of Water and their watershed management
22 program. And Malissa in the past as well as myself basically
23 have acted as a liaison with that branch and the River
24 Authority and have traditionally attended various meetings to

1 make sure that we're both on the same page with regard to
2 what activities we're doing and some of the watersheds that
3 we're working in, watersheds that they've identified as high
4 priority areas.

5 Relative to the types of activities,
6 those probably could be characterized as sampling of data,
7 which we work with the Kentucky River Watershed Watch and
8 historically have provided them technical support and also
9 have helped to provide them access to laboratories to have
10 their samples analyzed and have handled the finances of that
11 for them.

12 And, so, that typically, as you see
13 there, includes helping to coordinate their annual sampling.

14 We've quailed the results together that they've collected
15 each year and have published that in an annual report that
16 gives the status of water quality in the river basin. That
17 information is disseminated each year at an annual conference
18 that's held in the basin that I think Steve has attended
19 every year that he's been associated with the River
20 Authority.

21 And then we also have posted
22 information on the Internet so people, if they're interested,
23 they can go back and pull data from previous years or current
24 data and find information that relates to the waters that

1 they live nearby.

2 One of the things that Steve and I
3 talked about several years ago that I will briefly mention
4 subsequently was trying to migrate a little bit from the
5 overall scheme of the watershed management program that the
6 State had and to try to put a little more focus on putting
7 resources out across the basin to support small projects that
8 actually could either help educate individuals or really try
9 to tackle some of the problems that were being identified
10 through the various sampling efforts.

11 So, we kind of characterized those as
12 watershed projects. There are sort of two groups of those.
13 One is we work with, sort of at a higher level, we work with
14 the Kentucky Division of Water with some of the work teams or
15 project teams that they've developed. And since they're in
16 our basin, we help coordinate those activities. And some
17 people that already operate in the basin with support from a
18 319 grant or something like that we typically partner with to
19 help support them.

20 But another thing that we do that has
21 been incredibly successful is the small seed grant program
22 that you all put together several years ago whereby we issue
23 small grants that typically range between \$1,000 and \$3,000
24 apiece that can address needs across the basin.

1 And last year, we had a total of
2 \$15,000 that we disseminated across six or seven projects
3 that range from educational activities to more focused water
4 sampling to putting together informational packets about
5 different creeks and so on, informational signage and
6 whatever.

7 And then we also, by virtue of our
8 activity in the watershed, look to try to leverage the funds
9 from this program to try to bring in funds from other
10 programs out there that might be available, whether it be
11 with federal EPA, or, in the past, we had worked with Eastern
12 Kentucky PRIDE quite extensively before that program was
13 curtailed a little bit. We've also interfaced some with the
14 Bluegrass PRIDE organization, and then UK itself has put in
15 additional resources.

16 And then we also, as I indicated, have
17 a website that we maintain that provides information about
18 activities in the basin.

19 The next slide, just to briefly
20 overview, is just a detailed flow chart of the original
21 scheme that was developed by the Division of Water on how
22 they envisioned managing watersheds across the State of
23 Kentucky. When this program was formed in '97, the state was
24 broken into five large river basin units.

1 The Kentucky River Basin was one by
2 itself. And by virtue of the River Authority already
3 operating in that basin, the Kentucky River Authority really
4 took leadership in that whole process, and the Kentucky River
5 Basin was really a pilot for this program.

6 The idea here was that each basin would
7 go through a five-year cycle. There are five basins. So,
8 each one of those would be scheduled one year after the other
9 which allowed the Division of Water, as well as other
10 partnering agencies -- there's about twenty-five of those --
11 to kind of optimize their distribution of resources to get
12 the biggest bang for their buck.

13 Philosophically, the idea of the
14 management program was to start with agencies and then try to
15 identify problems using the resources that these agencies
16 had, and then basically hand that off to groups within the
17 basins, watershed groups and so on that could actually take
18 the information developed and try to start working on solving
19 those problems.

20 And for those of you all that have been
21 with this quite a while, at the outset, when this program was
22 started in '98, it actually went through a five-year process
23 serving again as a pilot for the entire Division of Water
24 framework.

1 But after we had gone through that
2 process, Steve and I sat down and talked about should we just
3 keep repeating this process which is the basic model that the
4 Division of Water had, or should we kind of still try to work
5 with the Division of Water but set our own independent path
6 that focused on trying to start to tackle some of these
7 problems in the basin.

8 And, so, it was our recommendation,
9 which the River Authority agreed with, to try to kind of
10 start having our own program that would help focus on small
11 problems across the basin, and that's what we've done
12 subsequent to that.

13 The next slide just shows you a picture
14 of the entirety of the Kentucky River Basin. And we have
15 about 187 sites across the basin that are maintained by
16 volunteers, and each year they typically collect four
17 different rounds of samples.

18 We just completed our herbicide/
19 pesticide round. And then in the latter part of June, they
20 will go out and sample for fecal coliforms or E-coli. Based
21 on those results, they will typically have a follow-up round
22 in July. And then typically the latter part of August or the
23 first part of September, they go out and collect data that's
24 analyzed for nutrients and metals.

1 And, so, this whole enterprise involves
2 over 200 volunteers that volunteer their time. There's a
3 formal training process that's been put in place where each
4 of the volunteers typically have to go through a day-long
5 process where they are certified to basically sample
6 information.

7 And we've also worked with the Kentucky
8 Division of Water at least for the pathogen data to try to
9 facilitate the use of the Division of Water and simulate our
10 data and actually use it for part of the decision-making
11 process. That's been very successful.

12 The next slide just gives you the URL
13 of our website. If you're so inclined to go and look on
14 that, there's a lot of information there about previous
15 sample results, information about the sub-basins, priority
16 watersheds. We have archived data from previous years of
17 sampling, as well as discussions of a lot of the projects
18 that have been implemented in the basin itself.

19 And the following slide is a spacial
20 map of the locations of basins where this year's projects are
21 being funded which gives us a pretty good distribution
22 geographically across the state. In years past, we've also
23 supported projects up at the top of the basin as well as
24 other projects over in the Red River Gorge area. So, we

1 typically have a pretty good distribution of projects and
2 types.

3 The next page just gives you a summary
4 of the six projects that we funded. And as you can see, they
5 range from educational activities to funds to try to get some
6 of these small organizations set up as non-profit
7 corporations and other activities related to simply providing
8 information to the general public about the watersheds that
9 they live in.

10 So, this next year, we intend on, if
11 that meets with your approval, continuing this program as
12 well as the basic activities that are outlined.

13 One of the neat things about this
14 program that we discussed in the past, if you look on the
15 next to the last page, is the ability that we've been able to
16 leverage funds over the years into the basin.

17 So, approximately over the last eleven
18 years, I guess, the River Authority has put in about
19 \$819,000; and of that, we have been able to leverage other
20 activities out there in some of those same basins to the tune
21 of in excess of \$5 million.

22 So, we think this has been an
23 incredibly successful program. It's provided a lot of
24 synergism with the activities in the basin and again is

1 really a testimony, I think, to the vision and leadership
2 that the River Authority took at the outset of this whole
3 paradigm shift to watershed management, and I just think this
4 has been an exemplary program.

5 The last page is just our proposed
6 budget for this year which categorically is pretty much the
7 same. This is a slight increase over last year's budget
8 relative to some administrative support we had to add in that
9 basically reflects some of the cuts that UK is going through
10 to try to manage these programs.

11 And with that, we're also committing an
12 in-kind match of \$25,000 of UK's funds to help augment the
13 activities.

14 And with that quick overview, I'll be
15 glad to entertain any questions or comments.

16 CHAIRMAN WARE: I saw a fairly recent
17 news release, Lindell. I don't know if it's a draft version
18 or if it's a final version of the latest water quality report
19 to Congress, a 305(b) Report.

20 DR. ORMSBEE: Yes. That just got
21 posted I think the last couple of weeks, if memory serves me
22 correct. I saw an e-mail on that.

23 CHAIRMAN WARE: Were you all able to
24 participate or to review a draft?

1 DR. ORMSBEE: I didn't personally, but
2 I know some of the individuals involved in the Watershed
3 Watch Program did look at that. I have not directly
4 communicated with regard to any comments they had, but I
5 know, for example, Hank and some of the others have taken a
6 look at that.

7 CHAIRMAN WARE: Were they pleased to
8 the extent that some of the volunteer monitoring was
9 utilized?

10 DR. ORMSBEE: To some extent, I think
11 we still have some kinks to work out there. As you all are
12 well aware, with administrative changes and changes in
13 leadership in different organizations, that sometimes creates
14 a gap in continuity of issues.

15 So, that's still our intent, and we've
16 been working and put together a draft protocol or QA/QC that
17 was submitted to the State that was approved which provided a
18 basis of them accepting at least our pathogen samples for
19 consideration of the listings in the 305(b) Report.

20 What Bob is referring to for those of
21 you who may not be familiar is our Congress has a law that
22 stipulates that the states have to submit a report every two
23 years that identifies the state of all waters. Specifically,
24 it identifies which waters or which rivers or water bodies

1 are currently meeting the Clean Water Act requirements and
2 which are not and that's called the 305(b) Report. It's a
3 very comprehensive document.

4 And then there's a companion report
5 with that called the 303(d) List which all the streams that
6 are not meeting their designated use or the water quality
7 standards are put in a second document that basically lists
8 all the streams that there's impairment for.

9 And in theory, then, any of the streams
10 that make it on the 303(d) List, the water quality
11 regulations, the federal law stipulates that the state has to
12 develop something called a total maximum daily load for those
13 individual streams. And, so, that's where we are now.

14 When we started this activity about ten
15 years ago, there were about 200 streams on the 303(d) List.
16 I think that's probably now up to close to 2,000. The reason
17 for that does not necessarily reflect streams are getting
18 more polluted. Part reflects the fact that by virtue of the
19 watershed framework process, that more streams are being
20 sampled than they were before.

21 And, again, just to not leave the wrong
22 impression, that 2,000 number does not necessarily mean 2,000
23 different streams. It includes 2,000 designations. So, you
24 could have one stream, for example, that's being listed for

1 multiple reasons, possibly for pathogen impairment, sediment,
2 organics or something like that. So, the actual number of
3 streams itself is less than that.

4 But, nonetheless, it's a huge amount of
5 impairment that still exists out there. And although the
6 State currently has a plan to try to tackle that relative to
7 TMDL's, it's still going to take probably a decade at least
8 to work their way through that.

9 And, so, this program has helped to
10 provide them a little more data to help in that process and
11 also potentially to identify problem areas that they may not
12 be aware of.

13 And beyond that, the TMDL process in
14 theory is supposed to have an implementation component to it.

15 However, the federal law currently does not directly provide
16 a provision for the implementation of the TMDL's. So, as a
17 consequence, those states either rely on regulatory vehicles
18 that they may have such as permits, whether they be KPDES
19 permits for point discharges, and that's for permits for
20 stormwater.

21 Nonetheless, there are still a lot of
22 problems out there that can't be tackled strictly from a
23 regulatory approach. And, so, that's really one of the
24 benefits and part of the vision of the watershed management

1 framework process was to use these type of activities to
2 mobilize local citizens to start getting at some of these
3 problems that couldn't be reached otherwise.

4 MR. GRIER: Lindell, this data that's
5 tabulated on this website, is that where you would search for
6 this data?

7 DR. ORMSBEE: Yes. There is a link
8 there that you can actually go to some spreadsheets to track
9 data. And we also have posted there I think in PDF form
10 reports from subsequent years. So, the data will also be
11 there in a graphical form and tabular form.

12 If anyone is interested in any site
13 near their area or would like more information, feel free to
14 contact us. We can extract that information in any form that
15 you might find useful.

16 CHAIRMAN WARE: With respect to your
17 all's priority watersheds, that article also implied that the
18 North Fork might be in line for a partial listing or
19 delisting or total delisting of the swimming advisory. Is
20 that true?

21 DR. ORMSBEE: Well, I saw that. I did
22 remember seeing that. I guess my personal perspective on
23 that based on some of the data that we've collected as part
24 of our PRIDE Program in addition to this program, we sampled

1 pretty extensively -- I think we have about twenty sites
2 across the North Fork, especially Letcher County, for example
3 -- and from my perspective, there are still significant
4 pathogen problems with that basin.

5 Now, a companion basin that's also been
6 listed kind of as a big group, the Upper Cumberland Basin, we
7 have seen some pretty good statistical improvement in that
8 basin.

9 But Kentucky, at least from our
10 perspective, still seems to have some pretty significant
11 problems. The further up in the headwaters you get, the more
12 severe, and Letcher County still has some really severe
13 problems as an example.

14 CHAIRMAN WARE: I guess DEP would have
15 to go back and do some geometric mean sampling and a little
16 bit more intensive than what's normally done to actually lift
17 the advisory.

18 DR. ORMSBEE: That's a good point.
19 Now, in this case relative to the pathogen sampling, we're
20 typically taking two samples during the summer. But one of
21 those leveraging activities I talked about, for example, in
22 our PRIDE sampling, we actually sampled ten rounds during the
23 summer.

24 So, we collected sufficient data to be

1 able to do a geometric mean analysis. And still with that
2 analysis, we're still showing some pretty significant
3 impacts.

4 CHAIRMAN WARE: I thought that was a
5 little bit too optimistic.

6 DR. ORMSBEE: I think it is from my
7 perspective certainly.

8 One of the big problems in the report,
9 quite frankly, historically has been a lot of the small
10 treatment plants and package plants. About ten years ago,
11 the Division of Water really started to crack down on that.
12 You can see some improvement with regard to that. It's
13 definitely gone down, but it seems like they've kind of
14 stabilized and that stabilized value is still kind of
15 problematic.

16 CHAIRMAN WARE: Any other questions for
17 Dr. Ormsbee?

18 MR. REEDER: I would point out that
19 we've had ten years of this, I believe, Lindell, this
20 contract on an annual basis, and this particular program is
21 the centerpiece of the manner in which we meet our water
22 quality statutory mission.

23 And if anybody wants to know about the
24 success of it, the \$800,000 that we've spent on it,

1 leveraging \$5 million says it all -- you can't say any more
2 than that -- of water quality projects that have come into
3 the river that would not have.

4 CHAIRMAN WARE: I agree. It's been a
5 very successful endeavor and I would like to commend the
6 River Authority for taking the lead on that and commend Dr.
7 Ormsbee for his leadership over the past decade with this
8 effort.

9 And even though the ticket price is up
10 a little bit this year because of the necessary
11 administrative support, I do think it's well worth it, and I
12 would assume that we are financially able to take care of
13 that.

14 So, at this point, if there's no
15 further questions or discussion, I would like to entertain a
16 motion with regard to funding this proposal for the coming
17 year.

18 MR. CHRISTOPHER: So moved.

19 CHAIRMAN WARE: We have a motion.

20 MR. NEWBY: Second.

21 CHAIRMAN WARE: And a second. If
22 there's no further discussion on that, I will take a vote.
23 All those in favor, let it be known by saying aye. Any
24 opposition by a like sign. Motion carries. Thank you, Dr.

1 Ormsbee.

2 MR. REEDER: Mr. Chairman, I'd like to
3 take this opportunity to thank Dr. Ormsbee and the University
4 for my receipt of the Lyle Sendlein Water Resources Practice
5 Award this year. I really appreciate that.

6 DR. ORMSBEE: That was well deserved.

7 MR. REEDER: Thank you very much.

8 CHAIRMAN WARE: I'm going to alter the
9 agenda somewhat before we get into maybe some more meaty
10 technical discussions, not to say that this particular issue
11 isn't terribly technical and involved. But I think I'm going
12 to move Bill Grier's presentation on the update of the
13 Bluegrass Water Supply Commission up to this point in the
14 agenda and discuss issues related to that.

15 MR. GRIER: The update of the Bluegrass
16 Water Supply Commission will be pretty short because not a
17 great deal has happened this month.

18 The last meeting was on May 2nd. And
19 at that meeting, Kentucky American notified the Commission
20 that it had until June 2nd to make a firm commitment to
21 purchase water in order to ensure the construction of the
22 five-million-gallon-a-day additional capacity onto their
23 20-million-gallon-a-day plant.

24 Well, unfortunately, nobody has stepped

1 forward during that period of time. If you read today's
2 Herald Leader, you would see that in the paper that no action
3 was taken by any of the member systems to avail themselves of
4 this five-million-gallon-a-day addition to their plant.

5 The Public Service Commission did
6 approve the construction of the 20-million-gallon-a-day
7 plant, and the construction contract for that will be signed
8 very, very shortly. It may already have been signed by this
9 point in time, I'm not sure, but it will definitely be
10 signed.

11 As all of us know, there is the
12 possibility that some legal action may be taken by some
13 groups, but it is not foreseen at this time that that will
14 stop the construction of the water treatment plant, but as of
15 right now, the Bluegrass Water Supply Commission is out of
16 it.

17 The big thing that the Bluegrass Water
18 Supply Commission is going to have to be facing, they have a
19 \$320,000 loan outstanding, and they had expected to pay this
20 back from the issuance of construction bonds which are not in
21 the picture right now. So, just how that will be paid back
22 is up in the air.

23 They had hoped that it would be paid
24 back with an additional \$900,000 grant that the Legislature

1 made to the Commission a couple of years ago. And at first,
2 they thought that those funds could be used to pay that back,
3 but information that has come down since that time through
4 the Kentucky River Authority's office and Mr. Reeder is that
5 those funds have to be used as designated for construction or
6 for the design, not for construction, but for design, not the
7 pay back of loan.

8 And, so, how that \$320,000 loan will be
9 paid back is uncertain at this time. But I would like to
10 come back again at the right time, Mr. Chairman, to address
11 this. This second \$900,000 allocation from the Legislature
12 to the Bluegrass Water Supply Commission comes through the
13 Kentucky River Authority. We are more of a pass-thru
14 organization. And at the proper time, I would like to come
15 back to that, Mr. Chairman.

16 But as far as the Commission is
17 concerned, I think all of us know that Winchester has
18 pulled--they haven't officially pulled out nor has Frankfort
19 officially pulled out, but they are looking to other sources
20 of water rather than the Bluegrass Water Supply Commission to
21 solve their water supply problems. So, they are no longer
22 expected to be a customer.

23 The only two that have not specifically
24 made commitments are Georgetown and Nicholasville and they

1 have just taken no action that I know of right now. So,
2 right now it's dormant.

3 So, that's basically the report. The
4 Commission right now has not met since May 2nd, and I don't
5 know of any other meeting planned right now. Mr. Ware would
6 attend if it's next week; but if you care to come back to
7 this other matter, I'll be glad to do it.

8 MR. REEDER: Mr. Chairman, Don Morse
9 and I might like to address that \$900,000 based on
10 information we received from the Budget Office.

11 As Bill said--well, to go back a little
12 bit, there were two \$900,000 grants to the Bluegrass Water
13 Supply Commission. Both of those grants, one was I think in
14 '05 in the off Session, I believe. I believe that's when it
15 was enacted, I think, because there wasn't a budget in '04.

16 So, what happened, that \$900,000 has
17 been spent -- it's gone -- and it went through us by the
18 wording in the bill through the KRA to the Bluegrass Water
19 Supply Commission.

20 We did not -- and my understanding with
21 the Legislature was that at the time, I said I don't want to
22 be in a position to have to veto or pass judgment on what
23 they spend this stuff on. So, we took a rather broad view
24 and a liberal view of how they would spend it as long as they

1 stayed within the basic parameters of the appropriation act.

2 Now there's another \$900,000 on the
3 table. Don Morse and I thought just by common sense that it
4 would expire for lack of expenditure or lack of an agreement.

5 Mechanically, the way it works is that the KRA would get the
6 money and we would turn around with an agreement and dispense
7 it to the Bluegrass Water Supply Commission or approve their
8 expenditures.

9 Well, we thought it would expire at the
10 end of the 2006 appropriation. It would expire at the end of
11 June like everything else. Well, the State Budget Office has
12 ruled that it is good until 2010. It's good through the next
13 biennium. So, there's no time crunch on the expenditure of
14 the money.

15 However, we have received some
16 direction with regard -- Don, you chime into this if I make a
17 mistake here -- but we sought direction as to what kinds of
18 things it could be expended upon. And the State Budget
19 Director's Office made some rulings and we have those in
20 writing.

21 One of the questions, as Bill Grier
22 alluded to, was that they wanted to pay off those debts.
23 There are two debts that the Consortium owes, or the
24 Commission owes. It's not a Consortium anymore. It's a

1 legally composed Commission. There are two debts there. One
2 was to KACO and one is to the Kentucky League of Cities.

3 And we have a ruling from the Budget
4 Director, not of our doing, you can't use it to pay that
5 until the debt is out unless somebody goes over there and
6 persuades the Director otherwise.

7 Then we come down and say what can we
8 spend it on? Well, they ruled out everything but
9 engineering. That's what they said. That's what they
10 basically told us.

11 And, so, we're sitting here with
12 access, I guess, or I guess the proper procedure would be
13 that if they had an engineering project, they being the
14 Commission, if it was viable, then, we could enter into a
15 Memorandum of Agreement with them if it related to the scope
16 of the work, that we could expend it on that such as
17 connecting lines someplace.

18 We thought at one time Winchester was
19 going to want some money for connection and, of course,
20 they've elected to go their own way now and build out their
21 plant. I think Nicholasville might still be in the mix.
22 They could still technically have a connection to a release
23 of their problems I guess back to Kentucky American's system
24 someplace. And that's the only two we know of.

1 We've heard rumor of maybe Paris and
2 Cynthiana. Of course, they're outside the basin, but it
3 doesn't make any difference whether it's outside our basin or
4 not, I don't guess, because the Legislature appropriated it
5 actually to them or in favor of them, which means that even
6 though they're outside of our jurisdiction, we could still
7 approve anything that was a legitimate project.

8 And, so, that's where it is. In a
9 nutshell, that's where the \$900,000 is. We've talked to
10 their attorney, Damon Talley. Damon is not here, I don't
11 think. But he came to the office and he inquired
12 specifically about those loans. So, then, we made our
13 inquiry and that's when we were told that they couldn't take
14 those loans off with it.

15 So, right now, as Bill said, it's for
16 engineering use and we're still open until two years past the
17 end of this month. So, that's where we are. I guess we sit
18 back and wait a project.

19 MR. GRIER: Do you think that there's a
20 possibility that it could be available to the Authority here
21 for engineering use?

22 MR. REEDER: It would have to benefit
23 them directly. It would have to benefit the members of the
24 Commission, member or members directly, I think. And that's

1 me thinking. That's not the State Budget Director. She's
2 the one that would have to rule on that.

3 MR. GRIER: But if it did benefit the
4 Commission members, then, it conceivably is worth an inquiry.

5 MR. REEDER: You could make the
6 inquiry. I don't know where it would go to, but you could
7 make the inquiry, just like we made the inquiry on these
8 other matters.

9 MR. GRIER: Do we need a motion for us
10 to make an inquiry into this, Bob? Do you need a motion that
11 we should just inquire as to whether the Authority could use
12 the entirety of these funds for the benefit of the Commission
13 members?

14 CHAIRMAN WARE: I would personally
15 think staff could do that.

16 MAYOR MILLER: I would think the
17 Commission would need to make a request to us before we could
18 make a request to the Budget Director.

19 MR. REEDER: Well, that's probably a
20 better protocol. In any case, we've got to go back to the
21 Budget Director and ask her what her interpretation might be.
22 If it's one of their typical projects and they've got a
23 project in mind out there, one of these connections or
24 whatever, then, that's pretty much a no-brainer. We could

1 approve that.

2 CHAIRMAN WARE: Before we decide on
3 that issue, Bryan Lovan, would you want to add anything to
4 this discussion?

5 MR. LOVAN: Bill pretty much covered
6 it. Our last meeting was May 2nd and the deadline was June
7 2nd to sign on, and there's really been no action. So,
8 they're still holding out hope. I think Georgetown and
9 Nicholasville hasn't made any action or statement as to what
10 they're going to do.

11 MR. REEDER: Would that do that, Bryan,
12 through the Commission?

13 MR. LOVAN: Probably, yes. It would go
14 through the Bluegrass Water Supply Commission and we would
15 come back to the River Authority.

16 CHAIRMAN WARE: I kind of agree with
17 Mike, that we ought to let the Commission make that request
18 of the Authority.

19 MR. REEDER: If nobody makes a request,
20 in the next two years, it will lapse. So, everybody remember
21 that.

22 MR. CHRISTOPHER: So, what's the feel
23 of what these towns are going to do in case of a water
24 shortage?

1 MR. GRIER: They have no specific plan
2 that we know of. Of course, we know what Frankfort is going
3 to do. We know what Winchester plans to do. What
4 Nicholasville would do or Georgetown is trying to get their
5 own reservoir which would be for their use. That's still in
6 limbo right now. Whether it would come through or not we
7 don't know. It probably will. But if that is done, they
8 will be taken care of. So, that pretty well leaves
9 Nicholasville is hanging.

10 So, the answer to your question is, I
11 do not know, or it is not known. I think we could put it
12 that way.

13 MAYOR MILLER: Does Winchester have a
14 withdrawal permit yet for a new plant, or do you know?

15 MR. GRIER: No. They just started.
16 They're in the very beginning stages of it now.

17 MR. CHRISTOPHER: How many million
18 gallons per day is their need, Winchester?

19 MR. GRIER: Well, they have made a
20 commitment to 1.6 million for this industry there that they
21 do not have. For their extended growth, I don't know how
22 much. Maybe Bryan would know how much they actually need for
23 their own growth.

24 MR. LOVAN: Not on their future growth.

1 All we know is what they committed to Bluegrass Water Supply
2 Commission.

3 MR. CHRISTOPHER: Which was how much?

4 MR. LOVAN: Which was a non-binding
5 commitment. Originally, it was 3 mgd and 1.6 of it was for
6 the new industry.

7 MR. REEDER: Sekisui, which they have
8 to meet by a certain time, I think.

9 CHAIRMAN WARE: And that's a Pool 9
10 withdrawal, isn't it?

11 MR. REEDER: It's a Pool 10 withdrawal.

12 CHAIRMAN WARE: And just for the
13 information of the Board members, that represents a net loss
14 to the basin because Winchester discharges to Strodes Creek
15 which is in the Licking Basin. So, we don't see that return.

16 MR. CHRISTOPHER: That's why I asked
17 that question. To me, that's a big factor for us because
18 that's a loss totally.

19 CHAIRMAN WARE: Any action that is seen
20 necessary at this time with respect to this issue? If not,
21 I guess we'll move on in the agenda. Thanks, Bill.

22 Don, we will let you give us a budget
23 overview.

24 MR. MORSE: I guess everyone got this

1 one-page synopsis of our budget. The Legislature did
2 accomplish a budget adoption this time which hasn't always
3 been true in recent times, but it's either the prettiest baby
4 or the ugliest baby you've ever seen, depending on who is
5 looking at it. Every day I think someone discovers the
6 ramifications of the Budget Act a little further. There's a
7 newspaper article almost every day about some program that is
8 now realizing what happened.

9 For our case, the budget that was
10 adopted for us was pretty much exactly what we requested and
11 which the Governor recommended. So, we really have no
12 grounds for complaint. The best part about it is our capital
13 program. We only asked for two line items.

14 The funding for interim stabilization
15 at Dam 10 was a separate line item in our capital budget for
16 \$625,000 the first year and \$250,000 the second year. To
17 recall what that's to be used for, a half a million of it is
18 to do an interim stabilization of the lock chamber at 10
19 which the Corps hasn't addressed yet but thinks is a safety
20 concern until such time as that project finally moves
21 forward.

22 The other \$125,000 was for our match
23 requirement to hopefully finish the Decision Document, the
24 preliminary engineering phase at Dam 10, and then in the

1 second year move on into final design. Hopefully, it will
2 cost around \$1 million federal funding and \$250,000 of our
3 own money.

4 Whether that will happen or not we
5 don't know. I think something needs to be addressed as far
6 as stabilizing the structure because that project is moving
7 so slowly.

8 The second line item was described in
9 several different means, but it's basically putting back the
10 funds that the last budget approved for us for our overall
11 reconstruction and maintenance pool -- the \$17.5 million of
12 General Fund-supported funding for that pool that had been
13 vetoed in the last budget along with a number of other
14 capital projects and has now been restored to us. So, that's
15 a major coo for us to get some free money to reduce some of
16 the impact of raising fees on our customers out in the basin.

17 In addition to that, to let you know
18 how much we have available for capital projects, we have
19 another \$18.3 million left in the current authorization for
20 revenue bond funding for projects as you may designate out of
21 that pool. That gives us a total of \$35.8 million available
22 for construction projects over the biennium.

23 The only caveat about it is the \$17.5
24 million, while it was appropriated in the first year of the

1 budget, is really not available because there was only a half
2 a year's debt service funded to service the GO bonds creating
3 that amount of money, and that comes in the second year.

4 So, the earliest that you could meet
5 your debt service requirement would be if you issued the
6 bonds after July of 2009. So, you've got a structural
7 problem in the way the budget is put together. And that's
8 not just in our case but a number of other cases.

9 So, our situation right now, yes,
10 you've got \$17.5 million of money that you don't have to
11 service, but you can't get to it basically until the next
12 budget year. And hopefully we can do something in the
13 meantime to at least do the planning stages of projects to
14 have them ready to go when those funds are available.

15 Just kind of a back note here. The way
16 the budget works, the appropriation that you receive is in a
17 lump sum normally. Capital projects are line items in lump
18 sum amounts, and your operating budget is one line item
19 dollar amount. So, you have to determine out of that total
20 dollars how you're going to allocate your funds.

21 In our case, with our General Fund
22 dollars that are going to lock operations, it's fairly
23 straightforward. We received a little less than \$305,000 in
24 the first year. And then the second year, you've got the

1 debt service component that has to come out of that. So,
2 you've got a flat budget for the next two years of a little
3 less than \$305,000.

4 That compares to the current year, we
5 were at a little less than \$360,000 to start out. So, we're
6 taking--well, to get through the end of this year, we had to
7 take a 2-1/2% cut. When we started the budget instructions,
8 we knew that we had a revenue shortfall overall of General
9 Funds which was another 11% cut.

10 The way the budget is structured, even
11 though they give you dollar amounts, they say, now find some
12 way to cut those dollar amounts because we don't have enough
13 revenue to fund what we told you you could use. So, there's
14 another potential 4-1/2% cut that everybody may face.

15 So, pretty soon, you've lost nearly a
16 fourth of your budget, and that's where we stand next year.
17 I don't know whether we will get through that without some
18 major reductions in program services or not. We're not
19 heavily dependent on the General Fund because we receive so
20 small an amount from them.

21 But we will have after salaries out of
22 that amount about \$6,000 a month, and our fuel bill alone
23 this past month was \$3,500. So, we're not going to have a
24 lot of funds to fix anything or pay our utility bills or just

1 survive basically unless we choose at some point to
2 supplement that program with fee money, and there's not a lot
3 of that either.

4 We had depended on this funding for Dam
5 10 coming out of excess carryforward that we have from our
6 Tier I fees at the beginning of each year. So, we've under-
7 spent our budget for general operations. That under-
8 expenditure is how we're going to fund this capital project.

9 So, once we do that, we've pretty much wiped out any surplus
10 or any kind of contingency for that program.

11 Our total money available in restricted
12 funds -- this is our Tier I fees plus our Tier II fees -- is
13 \$4.4 million the first year. Out of that, you have to take
14 out whatever our debt service obligation turns out to be. In
15 the budget request, that was \$3,092,000.

16 Now, the current year, we're still in
17 the note program. We don't know when the permanent bonds
18 will be issued. So, it's a little difficult at this point in
19 time to estimate what our debt service cost is going to be at
20 least the first year, but the second year of the biennium, we
21 should have a fix on that.

22 And the numbers that we have run based
23 on the information that Financial Management have given us,
24 we're probably at least \$150,000 short on what our debt

1 service cost is going to be on permanent bonds. These
2 numbers came from what was budgeted in the last budget, and
3 that was based on a typical GO bond issue, not the kind of
4 issue that we're going to be selling. So, another little
5 structural quirk there.

6 We take out the transfers to the Dam 10
7 project and that leaves us with \$725,000 that we could spend
8 from our general operations account this year.

9 And restricted fund for operations
10 there the last two years, you can see that. So, that
11 conforms with what happened to the General Fund dollars --
12 about a 11% cut.

13 Our revenues as projected right now,
14 you can see those. We've got the revenue. We are fortunate.

15 Since we're a restricted fund-funded program, we do have the
16 ability to go back and change our budget in the interim
17 unlike a program that was solely General Fund-supported.

18 If we prove that we've got the revenue
19 available and we've got the need, then, we can do an
20 adjustment. So, we do have that option and that's a plus for
21 us.

22 The Tier II fees that you're shown
23 there at \$1.625 million, that's what we project the revenue
24 from that fee collection to be based on the current rates.

1 Now, we adjusted rates at the beginning of April. We went
2 from a 1.6-cent rate on that fee to a 6-cent rate, about a
3 3.7 times increase. So, these are projections at this point.

4 Whether raising the fee will have any
5 impact on use, I don't really think so because we're talking
6 about 30 cents a month on the average residential bill.

7 So, I don't think anybody is going to
8 miss it, but that's just what we did in order to fund the
9 notes that we've drawn down on at this point with the \$14
10 million that we put in for Dam 9.

11 If we go back as soon as construction
12 bids are available on any of these future projects and fund
13 the rest of that \$18.3 million, we'll have to raise rates
14 again. And if we raised them 3.7 times to get to \$14
15 million, you're going to have to go an additional more than
16 four times what it used to be to get the other \$18 million.

17 The only problem that we see is that we
18 had hoped when we got the general obligation bond funding
19 that that would delay having to go right back to the same
20 customers and impose another fee increase. But since that's
21 not going to be available to us, it looks like that's what we
22 will have to do.

23 CHAIRMAN WARE: Anything you want to
24 add to that, Steve?

1 MR. REEDER: No. What Don is saying
2 there will be used in a later discussion. That's why I
3 wanted it placed at that particular point on the agenda
4 because what he's talking about there is a segway into what
5 we're going to talk about here on down.

6 Basically, you can see a lot of snafu
7 in the writing of that budget confusing General Fund bonding
8 with restricted fund bonding -- a different kind of thing,
9 you know. It's set up a different way. So, it's just
10 something we have to live with.

11 I cannot complain myself about the
12 Legislature or the Executive Branch either one as far as what
13 they've done up to this point as far as we're concerned.
14 Like Don said, we came out of it well. Really, despite all
15 these problems, we don't have any complaints. We've at least
16 got something to work with. We don't have to lay anybody off
17 or do anything like that. So, we'll suck it up and do what
18 we've got to do no matter what we've got to do.

19 MR. MORSE: It's still porridge but
20 we've got as much as anyone else.

21 MR. REEDER: We've got as much porridge
22 as anybody else has got -- that's right -- and maybe a little
23 more.

24 But that's a lead-in and the subject of

1 some of the later things in David Hamilton's Engineering
2 Report and what we're doing and what we're going to talk
3 about here. We're leading into how we're going to use this
4 \$17.5 million.

5 To begin with, in 2006, when I was went
6 to the Conference Committee -- I was invited to the
7 Conference Committee two different times, to the House and
8 Senate -- the \$17 million historically -- let me tell you
9 some history for those that don't know how it started -- I
10 didn't ask for it.

11 The \$17.5 million started out as an
12 estimate to build Dam No. 9 which we're building today. All
13 I asked for was the seventeen and a half. I didn't think I
14 would get anything. So, they awarded me an outside
15 authorization of fifty-some million dollars which we've put
16 to use. Sometime we'll break that all down and show you just
17 how we've spent it all because I'm sure the Legislature is
18 going to want that anyway.

19 But the \$17.5 million was one of these
20 things that started out in a weird legislative way. They
21 basically said, well, we're going to give you the first dam.
22 You're not going to have to raise fees or use water user
23 fees to sell bonds. We're going to let you have the first
24 one. They said, this is one of your first big projects, so,

1 you can have that. We're paying for that. We don't want you
2 to have to raise fees to do that.

3 Well, that got vetoed. I already had
4 the dam design. I had about four or five hundred thousand
5 people depending on that thing and it was about to fall in.
6 So, the KRA said, hey, we've got to go. And, so, we
7 committed to sell bonds and voted to sell bonds and had all
8 that approved. So, we're paying for it ourselves and we had
9 to raise fees to pay that. So, the dam, if you read the
10 paper the other day, is five-eighths finished.

11 And, so, we continued to ask for this
12 \$17.5 million because we didn't have anything to lose by not
13 asking for it. Everybody else was asking for theirs. And,
14 so, we got it. The Governor put it in and the Legislature
15 passed it.

16 So, now I guess we have it unless some
17 administrative fiat comes down that they can't afford to sell
18 the bonds someplace, you know.

19 So, a whole lot of our question is what
20 do we do with this money? We've already approved in the
21 capital planning process, which has been filed last session,
22 the building of a crest gate on top of -- a crest gate is a
23 lift gate, a mechanical device that stores more water at Dam
24 No. 9 to give you another billion gallons of water, and that

1 has been approved by us. We don't have to approve that.
2 That's one use we'll put to that, and that's about a six to
3 seven million -- David will explain it to you -- but it's
4 about a six- or seven-million-dollar proposition, design and
5 all -- everything.

6 As Don pointed out a minute ago, Dam
7 No. 10, that's the one we started with. That was the subject
8 of the Congressional ADD that Congressman Fletcher at the
9 time obtained for us, but he obtained it as an upset limit
10 and it was dependent on an annual appropriation as the Corps
11 of Engineers needed, which the Corps of Engineers was
12 operating as our contractor.

13 Well, I think basically the numbers off
14 the top of my head is I think the Corps has spent out of the
15 \$24 million, nineteen of it Corps and five of it for us, I
16 think we have spent about \$1 million of it and they have
17 spent about \$3 million. And, so, there's about sixteen left
18 on the table as far as the feds are concerned.

19 That money has not been appropriated to
20 us, any of it. It never found its way to the Corps at our
21 direction since 2003. That was the last one. The last year
22 that Fletcher was a Congressman, we haven't received
23 anything. Now, the first two years I think he wasn't a
24 Congressman, we didn't need it anyway because we had some

1 carryover, but we haven't received any. There's not been
2 anything added to that.

3 The next step is what the Corps of
4 Engineers calls a Decision Document which that just says that
5 if you spend some money to do a study to figure out whether
6 you can go to the next step or not, whether it's justified.
7 You're under Corps' rules. We've got nothing to do with
8 that.

9 So, we take the position we can't do
10 anything about that dam. It's a congressional issue until
11 the authorization runs out on it or until we get money
12 because you cannot go to the Legislature and say we want to
13 take it over and do it. You can't do that because they're
14 going to say you've got \$16 million laying here. Why are you
15 wanting to sell a bond? They're not going to approve that.
16 Don't kid yourself with that. They would run me out of the
17 room. And, so, we're just going to let that one play out.

18 In the meantime, the Corps took part of
19 the money and they did what they call a near-term solution
20 which is sort some words of art to say that they're going to
21 fix it up, do some stabilization so it won't fall down before
22 we can get to it.

23 Now, they didn't do all they were to
24 do. And the part that Don Morse was talking about a second

1 ago, Don was talking about taking some--we already had some
2 money set aside we can use for that. So, we might not have
3 to take it out of the seventeen. We might or might not. But
4 basically the lock chamber is sitting there and it poses a
5 threat.

6 Let me tell you what happens when that
7 breaks. If that lock chamber breaks down and you can't shut
8 those gates, you've got East Kentucky Power and you've got
9 the City of Winchester sitting back there. That is not a
10 chance we can take. We've got to fix that thing. We've got
11 to spend about \$1 million on that lock chamber to do a near-
12 term solution and put struts in that thing to keep it from
13 falling in on itself because the walls are weak, and there's
14 no way that you could get by with it. That's a nightmare
15 until they fix it.

16 Now, in the meantime, we're not
17 proposing to do anything else to it. We're going to let that
18 federal program take care of itself, and hopefully
19 Congressman Chandler can get some money for it one day and
20 get it started back. That would be the ideal thing to do.

21 If not, the authorization will expire
22 and then we can go to the Legislature and say, well, we need
23 to do this job. And hopefully all the near-term will be done
24 and it will sit there a few years and won't fall in, but

1 that's the story on that one.

2 So, there's one related project that I
3 wanted to do which is in that same neighborhood and that's
4 either putting a control valve in 8 below Nicholasville.
5 Right now you don't need it. There's no reason for it. But
6 with the crest gate, you will have a little water in a real
7 severe drought, it will take care of Lexington and
8 Nicholasville and we will have some to pass down.

9 And one other thing I didn't say about
10 that project at 10 that we're going to have to do. We'll put
11 a cutoff wall in it -- we're going to have to -- but what has
12 always scared me, and I've been through two droughts since I
13 had this job, and that is that it never failed to go over 10
14 to feed Pool 9, and that's where Kentucky American and the
15 Lexington group is.

16 And when we build those cutoff walls
17 and those lock chambers, we put a control valve in there to
18 mind that upper pool. And with our other valve system in
19 there, we feel that is needed in order to feed Pool 9 until
20 they build their plant over there or whatever they're going
21 to do. That plant is beyond our control. I assume they're
22 going to build it.

23 So, the crest gate to repair at 10 and
24 the valve system or a valve system of some sort in 8 are

1 something that we don't feel is negotiable here. And that
2 doesn't particularly rob it from some of the other things
3 that David is going to talk about, but we're talking probably
4 there -- and David will correct me -- but I think all that
5 together is no more than \$8 million, those three things.

6 MR. HAMILTON: The cutoff wall and the
7 crest gate on 9?

8 MR. REEDER: So, all that together is
9 not any deal breaker by no means and it still leaves a lot of
10 money for us to make decisions on here.

11 MAYOR MILLER: Ten and 8 are the only
12 two that we don't have a valve in now, right?

13 MR. REEDER: Yes, sir.

14 MAYOR MILLER: With the exception of---

15 MR. REEDER: Of course, 9 doesn't, but
16 it's under construction and it will have one in it. It's
17 going to be a new dam and it will have one in the dam itself,
18 yes, sir. But those are the only two. And we thought 10 was
19 a project. That's the reason we didn't do that one, and it
20 is a project but it's not a good one. And at 8, we didn't do
21 it because at the time we had no real firm plans to have any
22 extra storage upriver.

23 In retrospect, we probably should have,
24 but we thought, well, we would save that much money, but

1 we're going to have to go back and do it and make it all
2 work.

3 And then you've got a continuous valve
4 system from the Forks all the way to Frankfort when you do
5 that because everything else has got a valve in it or will
6 have a valve in it. And that's all a mathematical valve
7 plan, too, that has to be measured and worked that way. It's
8 a computerized thing.

9 So, I say those things, Mr. Chairman,
10 as a lead-in to what David is going to start talking about
11 and some of the decisions that we have to make here today or
12 we need to make, whether we make them today or not.

13 CHAIRMAN WARE: Do any Board members
14 have any questions for Don's presentation on the budget
15 oversight?

16 If not, we'll move on to Dave
17 Hamilton's Engineer's Report.

18 MR. HAMILTON: A lot of what Steve was
19 talking about will probably be addressed in the next agenda
20 item there, No. 7.

21 For Agenda Item No. 6, I essentially
22 just wanted to touch on those three things to give you an
23 update on how these projects are going.

24 The last time we met, the river was

1 still fairly high the late winter, early spring. At that
2 time, the contractor was still remobilizing to the site.
3 They are pretty much back at full strength now there on the
4 site.

5 This was a picture taken, you can see
6 at the bottom right corner there, just a few weeks ago -- May
7 13th. And you probably saw in the Herald Leader on Friday
8 about it being five-eighths done. Where that five came from
9 is basically they've got five of the full-diameter cells
10 completed that will comprise the new dam.

11 A little better angle from downstream.
12 This is kind of an upstream view. You can see the existing
13 dam spillway in the background there. The river on the
14 picture here is flowing left to right with the old
15 navigational lock on the right.

16 Here's a little better view here
17 looking from the downstream side. The old main dam spillway
18 sits right here with the navigational lock in the middle of
19 the river. And just off the screen is the auxiliary dam
20 where this dam failed back in 1904. Originally, you had land
21 come all the way up this lock wall, but it was washed out and
22 had to replace this section with an auxiliary dam.

23 So, essentially, what they've completed
24 is the new dam parallel to the auxiliary dam. And, so, the

1 next cells that they begin to work on will drop down in
2 height to match the elevation of your main dam.

3 All in all, the contractor stated in
4 our meeting last month they are about 23 days behind their
5 timeline of completion or estimated date of completion due to
6 the winter shutdown.

7 They are fairly confident that they can
8 take care of that and get back on schedule from moving a
9 couple of the items that didn't necessarily have to be on the
10 critical path on their schedule and also with their work
11 shifts. So, they felt that could be taken care of to get
12 them back on schedule. Again, February of 2009 is the
13 scheduled completion date.

14 The last couple of weeks, they've had a
15 little trouble with their turbidity curtain. So, they have
16 lost a couple of weeks of productive work there. So, they'll
17 find out next week how that may affect their schedule.

18 It's been a while since we've had
19 regular monthly meetings. So, again, I'd like to open up the
20 invitation to any of the Board members. Our next monthly
21 meeting on the site will be a week from today. It's at 1:30
22 down on the site.

23 And, again, if you'd like to come down,
24 we meet there typically for an hour or two, depending on much

1 of the site and how long you want to spend down there. But
2 just give us a call at the office so we can make sure we've
3 got extra hard hats and visibility vests.

4 The crest gate item that Mr. Reeder
5 referred to is not part of the current project. It would
6 have to be a separate design. There's really no chance of
7 completing that design and getting all the permits before
8 this contractor is off the site. That's pretty much out of
9 the question.

10 Like Mr. Reeder said, the actual
11 construction design and permitting is about a \$4 million item
12 for construction and design. On top of that, you might have
13 some environmental mitigation because you're actually raising
14 the pool.

15 From what we found at Dam 10, one of
16 the options was adding a crest gate to Dam No. 10 as well as
17 the other alternative of permanently raising that.

18 And from that study, the Corps, they
19 never really finalized it, but they were kind of looking at a
20 ballpark of about one and a half to two million dollars of
21 environmental mitigation primarily tied to tree loss up and
22 down the banks of the river at Pool 9 if you were to raise
23 that pool. Even with the crest gate, they said that would be
24 a likelihood.

1 And then the other thing was the loss
2 of free-flowing streams when you had that crest gate up and
3 you would also be backing up some of the free-flowing parts
4 of the creeks that flow into that stretch of the river.

5 Again, that really wasn't a final
6 report from the Corps saying that was the final number, but
7 it was kind of an estimate for Dam 10. So, it's likely to be
8 similar for Pool 9.

9 So, \$4 million for the design and
10 construction and tag on about another one and a half to two
11 million for the actual total project that would include the
12 environmental mitigation.

13 CHAIRMAN WARE: Dave, what would happen
14 -- and I understood the Corps' argument on the permanent
15 crest rise. You know, after we finish construction at 9, how
16 can we fabricate a movable crest weir in there without an
17 additional incremental increase in the permanent crest? It
18 looks like you're going to have some appurtenances on there
19 that are going to raise the dam.

20 MR. HAMILTON: You would have a couple
21 of piers there. But as far as a movable crest, your profile
22 would be the same.

23 I think what they were contending was
24 that, for instance, maybe in another month when we get a bit

1 more of a dry spell, if we had a crest gate out there, we
2 would have that crest gate up and the Kentucky River would be
3 four feet higher at that time than it would be if we did not
4 have those gates.

5 And they were contending that that
6 additional saturation of the river bank with the trees -- I
7 guess the trees--they said they have adapted to certain
8 fluctuations of the water level and---

9 CHAIRMAN WARE: Get some recurring loss
10 there, right. But the addition of the crest gates themselves
11 won't permanently raise the crest elevation?

12 MR. HAMILTON: No. Particularly in the
13 winter when you've got normal flows, you would have those
14 down. In fact, probably for half the year or more, you would
15 have those crest gates in a lower position just because you
16 wouldn't need---

17 CHAIRMAN WARE: But the lower position
18 is going to be keyed into the large cells then, I take it?

19 MR. HAMILTON: Again, it's not a final
20 design yet. At 10, that's what they were shooting for so
21 that when they were in the lower position, you would have the
22 exact same flood profile. So, yes, that would be taken into
23 consideration. I know at 10 they do.

24 Any other questions on the project at

1 9?

2 The next item will be the update on Dam

3 3. Not a whole lot has changed since our Board meeting.

4 Again, we're waiting for the environmental permitting on it.

5 Not a whole lot has changed but the

6 primary thing has been something from Fish and Wildlife

7 regarding this disturbance on the non-lock side, this far

8 abutment. Some of the cells will actually come up onto this

9 bank and affect the riparian area right there.

10 And, so, Fish and Wildlife is kind of

11 reviewing what our consultant, Stantec, has submitted to them

12 regarding what kinds of environment exist there. And, so,

13 pretty much just having to work on the permitting side and

14 it's kind of a waiting game to see and wait until we hear

15 back from them.

16 The other item is we'll work with the

17 Finance Cabinet to secure the easements necessary for the

18 project. The area highlighted in blue there will be a

19 permanent easement and it basically surrounds the footprint

20 of the new dam.

21 The hatched area will be the

22 contractor's work limits and we'll secure that as a temporary

23 easement. We've never had a problem getting access to the

24 property. There's one property owner that owns this farm and

1 this river bottom and we've never had a problem dealing with
2 him; but in the future, you never know when the property
3 changes hands. So, we also will be purchasing a permanent
4 access easement that follows the centerline of his access
5 road all the way down to the site.

6 So, like I said, we're working with
7 Finance to get that appraised and then we'll work with the
8 property owner to purchase those. Those are primarily the
9 two things that we're waiting on for Dam 3.

10 One thing that will affect some of the
11 decisions and some of the discussion later on as far as the
12 schedule for this project, originally we had hoped to bid
13 this project out along with Lock 3 and Lock 4 this spring.
14 That's pretty much come and gone.

15 In reality, we probably won't see this
16 be put out for bid for well over a month. So, we've got some
17 time for decision-making there and that will be brought up in
18 the next item. But as far as this going out for bids, it
19 will be well over a month before anything is put on the
20 streets.

21 And then another thing that will relate
22 to the next agenda item -- and everybody should have a copy
23 of this 11 x 17, three sheets -- this is an excerpt out of
24 the Dam Study that Stantec has performed for us. It's still

1 in draft form primarily due to still just waiting for ideal
2 water conditions to get out there and dive at a few of the
3 locations.

4 But for all intent and purposes, I
5 don't see anything changing drastically. Perhaps there would
6 be a couple of line items for Lock and Dam 4 which they
7 haven't been able to dive yet that would show up on the list;
8 but for the most part, I don't see these changing a whole
9 lot.

10 And what this is is it's a line-by-line
11 list for each of the dams that were studied. To refresh your
12 memory, it involved every dam on the Kentucky River except
13 for Dams 9 and 10. We figured since 9 was under construction
14 already for repairs and we were hoping that 10 would be soon,
15 we did not include both of those, plus 10 had already been
16 extensively studied.

17 But what they did is they ranked each
18 element and they broke each lock and dam into several
19 different components -- the main dam, the lock, far abutment.

20 In that seventh column, there's a
21 priority rank. And essentially what that is saying is from a
22 structural stability standpoint, they ranked each item or
23 each dam and came up with that ranking.

24 Now, the order of it is those are the

1 items for Lock and Dam 1 and Lock and Dam 2, Lock and Dam 3.

2 Again, this is just a draft report.

3 Hopefully, the river will cooperate and they can get that
4 last little bit of diving done and get the final report in to
5 us. But, again, we'll be coming back to this in the next
6 agenda item for Agenda No. 7.

7 MR. REEDER: Basically, David, the only
8 dams that were not covered in that report are right now Dam 4
9 because they couldn't complete their diving---

10 MR. HAMILTON: Some of it is
11 incorporated.

12 MR. REEDER: Still, not all of it is
13 incorporated. And the other two are 9 and 10 which were
14 projects, one under construction and one a Corps' project.
15 So, those two are not included in the rankings on that.

16 But what you will find when you read
17 that thing is that Dam 3, our decision to replace that dam is
18 totally confirmed. And, of course, the thing that--of
19 course, it's probably the worst overall ranked dam in that
20 whole thing except maybe for 1 which is down on the Ohio
21 River, just inside.

22 But the other thing is that if you go
23 back to why we would do that dam, you know, if you harken
24 back four or five years ago, we had to do an emergency repair

1 on that thing. The engineers tell us that to lose that dam
2 would endanger the Frankfort dam because these dams just sit
3 basically on a slab of stone. They're not anchored in there
4 with anything.

5 And when you take that hydraulic
6 pressure off with the loss of Pool 3, then, right where we
7 are today in Frankfort there's a problem because it's not
8 going to fall in tomorrow but it's going to weaken it.

9 When you have a slight earthquake or
10 several flood events, you will lose that and you don't have
11 any water right here. So, that had to be fixed and I think
12 that report bears out our decision on that. Excuse me. Go
13 ahead.

14 MR. HAMILTON: The other thing I'd like
15 to point out that kind of came out of that report, it kind of
16 got us to thinking because there wasn't anything really
17 glaring coming out of Lock 1 and 2 other than there was a
18 problem with the upper lock gates.

19 So, we had some discussions with the
20 design engineer. We've relooked at Locks 1 and 2 and that
21 will kind of be I guess a segway into our next agenda item in
22 that originally we had anticipated Locks 1 and 2 as being
23 complete replacements, you know, completely tearing down the
24 existing lock walls and rebuilding a brand new lock which

1 you're talking about \$15 million just to do one location.

2 After this study came out, we revisited
3 that and now consider the possibility of doing Locks 1 and 2
4 on the same scope as what we've proposed to do at Locks 3 and
5 4 which is not a \$15 million project but a \$2.5 to \$3 million
6 per location which is essentially dealing with mechanical
7 aspects, new lock gates, new timbers, new valves, a minimal
8 amount of work on the lock walls themselves as far as
9 repointing and rebasing some of the lock wall, but not a
10 major reconstruction job like we had originally anticipated.

11 So, I guess if there aren't any
12 questions on the actual structural report, that little
13 excerpt, like I said, we'll be revisiting some of those
14 items. Steve, if you want to frame that next item.

15 MR. REEDER: You continue on, but let
16 me just frame that in the context of what we're talking
17 about.

18 As you recall, you've got the \$17
19 million sitting here, \$17.5 million. We've already voted.
20 We've already approved in a capital plan for a crest gate at
21 9 and maybe a couple of these related little projects which
22 is about an \$8 million--probably \$6 million, but to be safe,
23 \$6 to \$8 million, something like that. And then we're
24 talking about the expenditure of the rest of these things.

1 Now, when we started out on these
2 locks, we had much higher initial estimates until we got into
3 it. Now they've come down. They've come down to where
4 they're more affordable.

5 So, what I told David to do was to take
6 that report that we had and find the highest priority items
7 as far as partial fixes on the existing dams that were water
8 supply issues and come up with a difference between whatever
9 the crest gate is going to cost -- probably \$8 million with
10 those other projects tied to it, six to eight -- come up with
11 about \$10 million worth of projects that would rank fairly
12 highly and try to identify whether they are needed, how badly
13 they might be needed -- a lot of that is guesswork because
14 these things are so old -- and present them to you because
15 each one of these items has got a price tag on it in 2008
16 dollars. If you get on down the road, it's probably going to
17 be a lot more, but in 2008 dollars is the way that thing was
18 written.

19 So, that's what he has done here with
20 this structural report. He's going to now take it and he's
21 going to, to the extent it's done and it's pretty well done
22 except for just some minor things, he's going to go through
23 there and pick out the higher-priority projects so that you
24 will have the option of deciding what you want to do with

1 that money.

2 So, go ahead, David.

3 MR. HAMILTON: Do you want me to go
4 over those now or wait until after---

5 MR. REEDER: Let's go over them now.
6 On the structural plan, let's put a price tag on them.

7 MR. HAMILTON: The other sheet, the
8 regular 8-1/2 x 11, with the larger handout shows two tables.
9 The top table would be the set of projects that I picked out
10 of the report that were, like Steve said, high ranking as far
11 as priority or just their structural importance and also a
12 high priority due to having a water intake that relied on
13 that structure.

14 So, just to go down the list, on the
15 top table there, I've got the location of where the project
16 is, a brief description of what the project is and how much
17 the fix would cost and then where its priority rank was off
18 of this other chart that's part of the dam study.

19 The first item there refers to the far
20 abutment at Dam 1 which is on the opposite side of the lock
21 up in this area right here. And primarily what we're trying
22 to prevent here is erosion of this bank that would allow the
23 river to bypass the dam.

24 You can see here how this has washed

1 out the bank, and that's a similar problem. Dam 2, 12 and 13
2 all have a similar item, the first two and the last two on
3 that top table.

4 Another picture of the same site. This
5 is just downstream of the dam looking back at some of the
6 erosion that's occurred over the years behind this training
7 wall. Again, you can see the main dam with the river flowing
8 towards you.

9 In the report, they've got a little
10 more comprehensive fix of actually going in and repairing
11 this wall. However, for a temporary fix, I would propose
12 doing something similar to Dam 3 which primarily consists of
13 a rock armoring. You're not going to have as much of a
14 design life on a fix like that, but your costs are going to
15 be down closer to \$500,000 per location.

16 So, you can see the first two items
17 again and the last two, Dam 1, Dam 2, and Dams 12 and 13 all
18 have that \$500,000 cost applied to them.

19 Another shot of the same problem
20 occurring at Dam 12. Again, the bank would be armoring
21 against erosion to prevent any kind of flanking of the dam.

22 And, again, Dam 2, same idea. You
23 can't really see it because of the tree growth, but the whole
24 area behind this training wall has sunk down.

1 Those middle three items for Dam 6, 7
2 and 8 all refer to the sheetpiling that's driven behind the
3 dam. I don't think I brought any photographs, but it's
4 essentially redoing part of the work that the Corps did back
5 in the mid-nineties when they drove sheetpiling on that part
6 of the dam.

7 When Stantec was examining the dam,
8 when they dove at those three locations, they found
9 significant deterioration of those sheetpilings. And if you
10 will recall, those three locations are just timber crib
11 structures. So, any kind of degradation of that sheetpiling
12 is going to allow water to keep scouring out as it flows
13 through those timber crib structures.

14 The price tag for that, I went ahead
15 and applied the full amount of what they estimated. So, for
16 Dam 6, you're looking at slightly over \$2 million; Dam 7,
17 slightly over \$3 million; and Dam 8, just under \$2.5 million.
18 So, your total for all of those projects in the top table
19 are just under \$10 million which is what Mr. Reeder had asked
20 me to come up with.

21 Your ranking items, that second table,
22 what I'm addressing there is what is on this chart that may
23 rank high but wasn't necessarily one of the items that I
24 chose out.

1 And, so, I essentially went 1 through
2 17, which items were not on that list of approved projects.
3 One of those is the seventh and eighth ranking items which is
4 the repair of the main dam at Dam No. 1, as well as 5 and 9
5 which is repair of the main dam at Dam No. 2.

6 The reason why those weren't on,
7 they're high ranking structurally, but currently there's no
8 water users that rely on those pools for their water supply,
9 and also they weren't big-ticket items.

10 The next grouping there are three
11 projects that apply to Dam 3 and they ranked 3, 10 and 15.
12 Obviously, I didn't include those because Dam 3 will
13 hopefully be under contract by this summer sometime. So, in
14 essence, they are already addressed.

15 And then the last item there was the
16 lock gates on Dam No. 4 as far as their deteriorating
17 condition. And, again, the lock gates on Dam No. 4 and the
18 lock gates on Dam No. 3, if you decide not to do the locks,
19 then, you probably would be looking at cutoff walls or
20 something similar to help solidify those because right now
21 they're highlighted as a weak point as far as retaining the
22 pool.

23 But those are the items I picked out,
24 so, basically ranking 1 through 17 except for those ones that

1 are on that bottom list and for the reasons that I just gave.

2 Any questions on how those were chosen?

3 MR. GRIER: Lock No. 13, there's no
4 intake in there, is there?

5 MR. HAMILTON: No, other than the fact
6 that it sits up in our valve operating plan pools as far as
7 being able to utilize for storage, but, no, no users in 12 or
8 13.

9 MR. GRIER: It's pretty critical in
10 that, yeah.

11 CHAIRMAN WARE: When will this report
12 be final, David?

13 MR. HAMILTON: Jeff Dingrando is here
14 from Stantec. A lot depends, like I said, on the river
15 levels.

16 MR. DINGRANDO: I was just talking with
17 our dive manager yesterday about when our crews are available
18 and kind of looking at the river levels. To safely do the
19 upstream side of these dams, it has to be quite low, maybe a
20 foot or less going over. So, we've got to kind of wait for
21 our opportunity there and then hop out and do it.

22 So, issuing it final, we were kind of
23 holding off to get those extra pieces of information and get
24 it all in there. We actually have diving at 4, 2 and 1.

1 We did go ahead and put some
2 information in there on Dam 1 and Dam 2, just our above-water
3 observations so you can make some assessments. There's
4 pieces of the dam at 2, for instance, that are broken off
5 that you can see from the surface. We understood there were
6 some problems there probably similar to what we've got at Dam
7 3, not as severe. So, we went ahead and tried to kind of put
8 a placeholder in there.

9 Those are some of the things when it
10 goes final could get tweaked a little bit, depending on what
11 the diving work shows, and then Dam 4 also, we need to dive
12 that one.

13 I'm hopeful sometime in June or July,
14 the river will cooperate and we can get our folks out there.
15 Each dam takes about one day, one and a half days to do the
16 diving, and then that will kind of fill in the gaps in the
17 data set and then we can issue a final.

18 And I think David was right. We don't
19 expect any huge changes in what's there now, but it is still
20 a draft. At Dam 1 and Dam 2, you may see a little bit of
21 fluctuation if we get in there and dive it and it's worse
22 than what we've kind of used our experience to take a shot at
23 based on what we could see above water.

24 MR. GRIER: David, the sheetpiling on 7

1 and 8 or whatever it is, did that sheetpiling just rust, or
2 what is the problem with it?

3 MR. HAMILTON: I believe that's what it
4 is. It just rusted and got holes in it.

5 MR. GRIER: Because it's only been in
6 there about fifteen years.

7 MR. HAMILTON: I think 1994 was when 7
8 was put in, 5 and 7.

9 MR. GRIER: So, it just rusted?

10 MR. HAMILTON: Yes.

11 MR. DINGRANDO: We had gone through the
12 whole historical drawings for all these projects. And what
13 we had found was maybe not quite what we had in our mind as
14 when these were put in, but those three are actually the
15 oldest sets of sheetpiling of all the dams that they kind of
16 had around in I guess the late seventies, early eighties
17 where they did some of the lower ones, 1, 2 and 3.

18 The ones up the river, 11 through 14,
19 are much newer. Those are the early nineties, mid-nineties.

20 Then these three in the middle are kind
21 of the artifacts. I forget the exact dates. But one is like
22 from '56. One may be in the sixties and the other one is the
23 early seventies. So, those three are quite a bit older than
24 all of the other ones.

1 MR. HAMILTON: The repairs they did in
2 the mid-nineties, I think they mainly did the refacing of the
3 dams. The sheetpiling was already there.

4 MR. GRIER: Okay. So, the sheetpiling
5 is about thirty years old. Those are rock-filled dams and
6 they were not impervious when they were built. So, the Corps
7 put this sheetpiling upstream on the back of the dam to keep
8 water from going through. So, that's why it's there.

9 MR. DINGRANDO: So, those three are
10 probably thirty to fifty years of service life right now and
11 have a lot of corrosion holes. There's a few places where
12 there's gaps.

13 MR. GRIER: So, the sheetpiling is just
14 gone. It's just not there.

15 MR. DINGRANDO: Yes. Some of it is
16 just gone and sometimes there's a gap against the lock wall.

17 MR. HAMILTON: And, again, the project
18 at Dam 9 involved sheetpiling but it's not structurally
19 integral to the maintenance of the structure. So, there may
20 be some concern there appearing how quickly these
21 sheetpilings deteriorate.

22 Do you want to go down to that next
23 item or how do you want to proceed?

24 MR. REEDER: What I want to do is we

1 can look at partial fixes there, which is what's the worst
2 dam in the system?

3 MR. HAMILTON: Three comes out the
4 worst as far as their ranking.

5 MR. REEDER: Well, that's taken care
6 of.

7 MR. HAMILTON: And then it goes on
8 downriver to 1 and 2.

9 MR. REEDER: One and 2, no users down
10 there. We don't want to lose them. If you lost 1 and 2, you
11 wouldn't lose--well, I can't say you wouldn't lose anything.
12 You wouldn't have any navigation stream, but the loss of the
13 hydraulic pressure would be less noticeable in either one of
14 those two simply because you've got a brand new, high-tech
15 dam that's going to be at 3 that could absorb some of that
16 loss, not like the ones we've got out there now.

17 MR. HAMILTON: After that, it jumps to
18 Dam 7.

19 MR. REEDER: Dam 7 is the next worst
20 one which that is right in the middle of all the activity,
21 and, of course, it impounds the City of Harrodsburg.

22 MR. HAMILTON: Then Dam 8. And, again,
23 this is just from their draft.

24 MR. REEDER: Dam 8 is Nicholasville.

1 And those are outside the range of what we're talking about
2 here. Those are going to have to be addressed in another way
3 because you're looking at structures there that are going to
4 cost \$15 or \$20 million apiece to fix.

5 So, it's good to look at that; but at
6 the same time, the partial repairs are the ones that will
7 really kill you first within a reasonable time span. So, we
8 don't have any dam in there except the one we're just fixing
9 to let a contract on that would present any real reason to
10 replace in toto at this point in time.

11 One and 2, we don't want to lose them
12 but we would like to hold them because it holds the
13 navigation stream; but at this point in time, it would be
14 very difficult to, even with a higher ranking of the
15 probability of failure, to compare that to Dam 7 or Dam 8
16 that's in the middle of all the populated area.

17 So, my own thought on those two is,
18 when you get around to it, you do those small fixes on those
19 two and buy some years, and then we'll figure out because we
20 even had one plan -- and that's not in anything we've got --
21 it's David's plan, not mine, that what you ought to do with
22 those two up there when they finally do fail or are ready to
23 fail, go right in the middle of them and build a brand new
24 one because one of them sits four miles from the Ohio River

1 anyway.

2 The Corps of Engineers wouldn't have
3 built it today--of course, the state built it, but the Corps
4 of Engineers has raised the level of the Ohio River to a
5 point that it's flooded a whole lot of the time anyway. They
6 wouldn't have built it that close. They would have moved it
7 back where David has found a place to put it. At that point,
8 you don't even have to have Dam No. 2 anymore.

9 But that's down the road. That's one
10 of these long-range things. Go ahead, Dave.

11 MR. HAMILTON: That's pretty much it as
12 far as---

13 MR. REEDER: If we had \$10 million
14 laying here today that we had no other use for and nothing
15 competing for it, then, that's probably what we would address
16 right there. And there's no way. I mean, somebody is going
17 to ask the question, you know, is just because they're
18 ranking high, does that mean they're going to fall in next
19 week? Nobody knows. These are just obvious flaws.

20 MR. HAMILTON: Plus, these structures
21 haven't had any major maintenance done on them, a lot of them
22 for fifteen years. So, it's kind of like a timing belt. It
23 might not be giving you any trouble but you know it's time to
24 change it.

1 MR. REEDER: We'll use this as a tool
2 to talk about the next item.

3 CHAIRMAN WARE: Does anybody have any
4 questions for Dave on what he has reported with regard to
5 these three items?

6 If not, Steve, I guess we'll move on to
7 Locks 1 and 2.

8 MR. REEDER: Locks 1 and 2. Going back
9 to my visit with the Conference Committee in '06 and their
10 specific desire to have Locks 3 and 4 rebuilt, at that time,
11 we thought they were \$5-million items because we didn't
12 have estimates quite that good. The mechanical overhauls are
13 not that much now. They're more in the range of two and a
14 half to three -- two and a half after being designed.

15 Three and 4 are fully designed--well,
16 virtually so. In fact, when we let the contract for Dam No.
17 3, they would be presented as Alternates A and B.

18 We don't have to accept those bids if
19 we don't have the money, or if the Board says they don't want
20 to do it for some reason or whatever the reason, we can
21 reject those alternates and just build the dam only and not
22 the lock.

23 And then we can address the water
24 supply issues associated with those weak lock walls probably

1 with lock gates, with cutoff walls or something else when the
2 time comes.

3 When the Conference Committee gave us
4 the money or gave us the authority to borrow the money to
5 spend it on the locks, those two locks, they envisioned an
6 open corridor to the Ohio River to Frankfort -- a 65-mile
7 stretch.

8 If you add the Frankfort pool
9 completely in it, that's 78 miles to Lawrenceburg, which
10 everything from 5 at Lawrenceburg on down or on up --
11 sorry -- is closed. It has cutoff walls in them with the
12 exception of the two we talked about -- the one at 10 and 9
13 which we're rebuilding.

14 So, there's no navigation except within
15 those pools, and we've addressed those many times with the
16 boat ramp programs that we do with Fish and Wildlife and that
17 kind of thing to give people access to them, alternate ways
18 to use them.

19 There is a significant interest by
20 various groups within the City of Frankfort, specifically the
21 Frankfort Tourism Commission, the city and county governments
22 to have access to the Ohio River because of various river
23 development plans and things of this nature, and the
24 Conference Committee was fully cognizant of that.

1 At that time, we thought Locks 1 and 2
2 were okay. We knew they were old but they still worked.
3 They have failed since that time. They have failed we
4 thought a lot worse than what they have. But as David
5 pointed out, we thought they had structural problems which
6 would put them outside the realm of even fixing them because
7 you're talking about \$10 or \$15 million apiece to fix them
8 instead of two and a half or three.

9 And, so, the issue that I bring to you
10 now is do we want to go ahead and design 1 and 2 and then let
11 them all four at one time or let them as an alternate. From
12 the standpoint of doing it, we can do it a lot of different
13 ways. We can let them in pieces or let them in groups or we
14 can let them any way we want to.

15 But now we believe, bottom line, that
16 we talking about \$10 million or thereabouts to mechanically
17 rebuild Locks 1 through 4. Locks 3 and 4 are designed.

18 The shelf life of those designs, or
19 that is how long can the design last if you do it before you
20 put it into effect and you have to revisit it and do anything
21 to it is about five years, according to most engineering
22 standards. It's a five-year life. Then they have to go back
23 and see if anything changed before you can let to contract.

24 So, we believe they are buildable, and

1 we have invested \$.9 million in each lock to design them.
2 They are designed or virtually so. Not all of the \$900,000
3 used at Lock No. 3 was expended on the lock because it was
4 designed along with the design on the dam. And, so, some of
5 that \$900,000 is absorbed in the dam cost. So, it's not
6 totally the same kind of money.

7 Now, 4, we're doing nothing to the dam
8 at this point. And as far as we know -- we don't have a full
9 report on it -- we've got no reason to do anything to it.
10 So, it's sitting there as the only operable lock today.
11 Three could be used on restrictions but not much because the
12 engineering companies have told us it could just completely
13 fail.

14 Four works. I mean, it doesn't work
15 good but it works and we've run it for the last two weeks.
16 Four opens up a pool. I've often said if I had to do one of
17 them, I would do 4 because it's in the middle of the City of
18 Frankfort and it does connect two pools. It gives you forty
19 miles of water in there.

20 When the river gets crowded, it's a
21 very congested area. When the river gets crowded, there's a
22 lot of traffic in the upper part of the pool, but a lot of
23 people like to go to the 27-mile pool just to the north there
24 into Pool 3 because it's big and quiet.

1 So, our records show that 4, of those
2 two locks or any of these interior locks, is used more than
3 anything else. Even when they were all open, 4 was used more
4 than any of them.

5 So, out of our \$17 million, less the
6 crest gate, we can talk about spending this money for the
7 construction of the locks including the design of 1 and 2
8 which have to be designed obviously. Of course, we've
9 learned a few things about the designs on 3 and 4. So, we
10 might not have to revisit everything they did there.

11 These things haven't been redesigned
12 for an overhaul since they were put in here, I don't think.
13 They've been pieced around with and they have been here for
14 about--I think the locks originally, they go from about 1840,
15 something like that.

16 That's about the age of them. That's
17 really, truly about the age of them. They were original
18 state locks, built by the state and took over by the Corps
19 and maintained and maintained well for a while and then
20 maintained very little in the last half century probably.

21 So, we can vote. And I'll tell you, I
22 talked to the Chairman before this meeting. We had quite a
23 bit of discussion on this. This is not an easy decision for
24 a lot of you to make because a lot of you are not up to speed

1 on it or you haven't absorbed what David told you and you
2 need some time to look at it and ask questions.

3 Instead of putting this to an action
4 item, we could take a month to look at this and come back and
5 vote on it. That would be one thing we could do.

6 Now, I do know that there's
7 considerable interest and we cannot discount, no matter what
8 we're told here, there's considerable interest by members of
9 the Legislature, high-ranking legislators of both parties,
10 both Houses, in the development of Frankfort and the use of
11 this corridor to the Ohio River.

12 And there's considerable interest in
13 the City of Frankfort by all the officials and they have
14 studied it themselves and have got their own plans going on
15 and have had for quite sometime through probably the last two
16 administrations, and they would like to briefly today give a
17 presentation on that, on where they are and what this means
18 to them.

19 But first, so that we know what we're
20 talking about -- we're still talking about technicalities --
21 I'd like to have Kyle Christopher come up here.

22 I asked Kyle to do a cost benefit
23 analysis on these dams based on the volume of traffic for the
24 last five years that they were all open and also based on the

1 operation and maintenance cost on them.

2 Now, you have to consider that these
3 things being brand new when they're done won't be like the
4 ones we've been running out there or how we've been operating
5 them up to this point. You're going to have to go back and
6 spend some money on them to keep them up. We run them now
7 until they quit. It's like a 25-year-old car that hadn't
8 been worked on very much. We run it until it stops and walk
9 away from it, but you can't do that with these new ones.
10 You've got too much invested in them.

11 And, so, the Corps does a cost benefit
12 analysis on it, and let me bring into perspective what he's
13 going to tell you. He's going to give you the cost per lock
14 that includes the manpower, the O&M on them, the life cycle
15 cost on them. And the Corps did the same thing I think in --
16 David, wasn't it in the early eighties on the upper river?

17 MR. HAMILTON: Late seventies.

18 MR. REEDER: Late seventies or
19 something like that, and they came up with something like the
20 same numbers we came up with because they did a cost benefit
21 analysis on what it cost them to run those locks.

22 And I think at that time, it was like
23 \$700 per lockage, seven to eight. And when you put that into
24 modern money, it comes up to about \$1,100 to \$1,200 a

1 lockage. And, so, this is kind of consistent with what we
2 find here.

3 Now, you just need to know that because
4 this is the business part of what we're doing. So, Kyle,
5 would you tell us what you've got there.

6 MR. KYLE CHRISTOPHER: Sure. David
7 helped me out with this a lot because he knows where to find
8 all the numbers. And basically what we did, we did a life
9 cycle for Locks 1, 2, 3 and 4 for thirty years.

10 And if we did the rehabilitation
11 necessary to get them up and operating again, that would be
12 new gates and minor rehab, it would be about \$2.5 million,
13 which has already been said.

14 So, you start from there and that would
15 last for about thirty years, and then another major
16 rehabilitation would need to happen.

17 I know these are kind of hard to read.
18 This is 2008 and we're going to go for thirty years. And
19 there's another page to this. But this first column is lock
20 operation and maintenance by KRA staff. And this is for one
21 year, and that value is \$35,300.

22 The next column going from left to
23 right is grounds and upkeep by KRA staff, and this number is
24 the same, whether it's an operating lock or whether it's

1 closed and has a cutoff wall in it, and that's \$13,000.

2 The third column is inspections. You
3 have two types -- above the water and then a diving
4 inspection -- and that's on a rotating process. The \$5,000
5 is the above-water amount and then every other time would be
6 a diving inspection which is \$8,000, and those happen every
7 two years.

8 The next column is minor rehab and that
9 will come fifteen years after your major rehab which is \$2.5
10 million.

11 I have all four locks up here but
12 they're all four exactly the same now that we're assuming
13 that Locks 1 and 2 don't need a full replacement.

14 That's the second half of the sheet.
15 And as you can see, this extends for thirty years. If you
16 total all the columns, and for a 30-year life cycle for one
17 lock, it's going to cost about \$5.5 million.

18 So, what we did, going through all the
19 locks here, we totaled that number up for each individual
20 lock and multiplied it by four times and we got the total
21 cost of all four locks for thirty years, taking into account
22 the \$2.5 million rehabilitation projects at each location, to
23 be about \$22 million. That does not include dredging costs.

24 And if you divide that by four, you get

1 a yearly average for each individual lock, that's \$745,000
2 for each lock.

3 So, for all four locks, one year of
4 operation is \$745,000. That's in the far left column. And
5 from 2002 to 2006, we totaled all the lockages for Locks 1
6 through 4 and came up with a yearly average for all four of
7 them together. And it's almost 400 boats, or 400 lockages.
8 It could be the same boat multiple times.

9 So, at \$745,000 a year per 400 boats a
10 year, divide that, and the cost per lockage comes out to be
11 \$1,863 which is this top number right here.

12 David said it would be a good idea to
13 extend those numbers on out to kind of show you "what if."
14 At this cost, if you had 1,000 lockages per year through all
15 four locks, your cost per lockage would be \$745. And going
16 on down to 2,000 lockages, your cost per lockage would be
17 \$373.

18 And the reason we didn't include the
19 year 2007 in that five-year span of lockages is because not
20 all the locks were operational during 2007.

21 So, going back to from '02 to '06, we
22 averaged 400 locks a year and that comes out to a cost per
23 lockage of \$1,863.

24 And a little footnote down here says

1 recreational boating peaked at 12,400 lockages in 1970, then
2 declined to 6,400 lockages in 1978.

3 MAYOR MILLER: And a lockage could be
4 multiple boats, right?

5 MR. KYLE CHRISTOPHER: It could be the
6 same boat ten, twenty times.

7 MAYOR MILLER: But, I mean, you can
8 lock more than one boat through at a time.

9 MR. KYLE CHRISTOPHER: Yes.

10 MR. CHRISTOPHER: So, if we increased
11 to 1,000 lockages per year, what would be the cost per
12 lockage?

13 MR. KYLE CHRISTOPHER: A thousand
14 lockages per year, your cost per lock is going to be \$745.
15 And I remember looking through the lock books, and the most I
16 ever saw at one time going through was seven or eight boats.
17 Usually you're going to have a couple of boats travel in
18 pairs.

19 MAYOR MILLER: But that seven or eight
20 boats would count as one lockage.

21 MR. KYLE CHRISTOPHER: That's one
22 lockage.

23 MR. GRIER: Does that figure include
24 debt service or is that just operating cost?

1 MR. HAMILTON: Really no inflation
2 factors. It was just we got an annual operating budget from
3 Stantec and from Bergmann when they were doing some design
4 work for 3 and 4. And, so, we didn't adjust that over the
5 30-year. We just kept that a flat rate.

6 MR. GRIER: But that does not include
7 capital cost?

8 MR. HAMILTON: Well, it includes the
9 capital, like in another ten to fifteen years, you're looking
10 at re-doing timbers. So, that is included, yes.

11 MR. GRIER: Okay.

12 MR. KYLE CHRISTOPHER: Any other
13 questions?

14 So, I broke it down just one step
15 further to each individual lock. And if you take the
16 \$745,000 figure and divide it by four to get the cost per
17 year for each lock. So, for any lock, 1 through 4, it's
18 going to cost \$186,000 a year to operate it.

19 And I took the average number of
20 lockages at each location from '02 to '06, and you can see
21 that Lock 1 had the most number of lockages, 2 and 3 were
22 smaller ones, and 4 was almost right there with Lock 1.

23 So, the cost per lockage for Lock 1 and
24 Lock 4 will be just a little bit over \$1,000. At Lock 2 and

1 3 where you only had 47 and 45 lockages averaging a year, the
2 cost per lockage would be about \$4,000. That kind of gives
3 you an idea of how the traffic is moving through the system.

4 Any other questions or do you want me
5 to go back to a slide?

6 MR. CHRISTOPHER: Interesting numbers.

7 MR. REEDER: We wanted to make sure
8 that you knew what was involved in this. I guess we learned
9 too much from the Corps because every time they would make a
10 decision on something, this is the kind of stuff they look
11 at. So, we wanted you all to look at the same thing, but
12 it's just another factor.

13 One thing that lends itself to doing
14 the locks out of the \$17 million that is General Fund money,
15 the utility companies, as you know, we're funded through the
16 utility companies with very little General Fund money.

17 And some utility companies -- Frankfort
18 doesn't -- but some of them complain and say, well, we don't
19 want you to spend fee money on things that are purely
20 recreational and they regard on a working lock as purely
21 recreational. They would rather use it on some kind of water
22 conservation project, and that's been an informal policy of
23 ours.

24 So, it makes some sense if we're going

1 to do these things that it would be to do it now and do it
2 out of General Fund money, essentially out of General Fund
3 money and not out of fee money. However, these costs down
4 the road are going to be fee money because this General Fund
5 money through these bonds is a one-shot deal.

6 So, that's some things to think about
7 as we go forward here. I would, Mr. Chairman, urge you to
8 recognize the Frankfort delegation who have been highly
9 listened to by the Legislature and other groups like that to
10 present why they think this is a good investment.

11 CHAIRMAN WARE: Do they have a
12 representative that wants to come forward at this time?

13 MR. REEDER: Yes. Rodney Simpson, I
14 believe. Rodney is Chairman of the Tourism Commission.

15 MR. SIMPSON: I think he said
16 delegation and now you've just got me. I don't know if they
17 ran out like rats on a sinking ship or they had other
18 commitments, but I certainly appreciate the opportunity to
19 speak to this group today.

20 I grew up under Warner Caines. I have
21 been with the Plant Board about 35-1/2 years and he taught me
22 to find somebody else to do your work for you and you don't
23 have to do it.

24 So, I had Ted Collins, the County Judge

1 Executive here, who was going to speak first and then past
2 Representative Gippy Graham was going to speak. Both of them
3 had to leave, and both of them wanted to express their
4 apologies to you for leaving.

5 Both of them told me some things they
6 wanted to pass on to you, but, again, growing up under
7 Warner, I'm going to lie to you a little bit what they said.

8 Judge Collins wanted to express
9 certainly his disappointment in not being able to speak to
10 you, but he also wanted to tell you that the commitment was
11 total and binding and to its fullest degree with the county
12 government and the local city government to the riverfront
13 development.

14 Judge Collins is on our committee as a
15 resource committee person, and he comes in when needed or
16 when we need him and he's a very active member on the
17 riverfront development that we've been working on for several
18 years here in Frankfort and he's a very viable asset to our
19 county. But he did want me to express to you all the
20 importance he finds for having the river flowing through
21 navigational means from Frankfort to the Ohio River and
22 maintaining an open and navigable approach to the river, the
23 Ohio.

24 Gippy Graham, for those of you who

1 probably know, Gippy was a four-term State Representative
2 that certainly represented this area right here and has
3 always had a great concern for the river, and he gave me a
4 brief description how far it went back. In his first term,
5 he got very interested in the river and maintained the
6 quality of the river that it is today and certainly the
7 navigation he thinks goes along with the river.

8 He's on our committee. He's on the
9 Riverfront Development Committee and a very active member.
10 He also was the biggest vote getter on the recent mayoral
11 primary election. So, without too much problems, I heard
12 somebody say a car wreck or something, some Mac truck I think
13 Steve said, he's going to be our next Mayor here in the City
14 of Frankfort.

15 But he regretted not being able to
16 express his desires and his opinions about the river, but he
17 did ask me to tell you that he was in great support of
18 maintaining navigable waters to the Ohio River.

19 I'll talk to you just for a couple of
20 minutes from my perspective, being the Chair of the committee
21 for the Riverfront Development Steering Committee, actually
22 not the Tourism Committee. It works under Tourism, both at
23 the state and local level. My appointment was through the
24 state government side.

1 We ended up spending a lot of time in
2 this matter. And, of course, as most of you know, there's no
3 pay for this. It's just a love for what you do. It's been
4 going on for like, as Steve said, two past Governors, but it
5 seems like it heated up quite a bit under this last Governor.

6 One of the concerns that kept coming up
7 was the condition of the locks downstream and we believed it
8 had become unfocused on the riverfront development when you
9 start thinking, no, we're not going to have a river because
10 of navigable waters closing up. We're going to have lakes, a
11 series of lakes.

12 And it was easy to become distracted
13 and lose focus as to what our original goal was to do and
14 that's to help develop a riverfront that will bring in
15 tourism not only just to Frankfort but bring tourists to
16 Central Kentucky. And we wanted to make this and we still do
17 an end destination point where actually we have tourists
18 staying in Frankfort for two or three days -- to go to the
19 horse farms and everything and visit Central Kentucky but
20 stay here in Frankfort and enjoy the beautiful river.

21 I'm a boater, been a boater for several
22 years, and it's very common for us boaters to get on the
23 river at seven or eight o'clock on a hot summer evening and
24 somebody always makes a statement -- this is the best kept

1 secret in Frankfort is this river.

2 So, it is very important. The river
3 has had its problems. You don't miss something until it's no
4 longer there. When the locks started closing down, that's
5 when the boaters started thinking, you know, we're going to
6 lose this river as far as navigation.

7 So, that's one of the reasons that you
8 see a lot of us when the Sessions are in at the Capitol.
9 We're down there whispering in ears and bending arms and
10 whatever we can do to help with the money situation to
11 maintain lockages and quality dams.

12 It's a very easy subject to discuss
13 with people. It's hard to find anybody that says we're not
14 interested in the river. When I say the river, I'm talking
15 about the Kentucky River.

16 The Muskegon River in Ohio I think has
17 10,000 lockages a year maybe. Does that sound right? And
18 I'll bet you it's not nearly as pretty a river as the
19 Kentucky River.

20 MR. GRIER: This is much more
21 beautiful, much more beautiful.

22 MR. SIMPSON: Thank you. So, one thing
23 I will assure this Board is that we will stay on your team to
24 try to keep money coming in to the river from the state

1 level, and we will market this river from this point on.
2 That's something that has never been done. We've never
3 marketed Frankfort and this river and the travels from the
4 Ohio River.

5 I spent several months up on the Ohio
6 River when I first bought the boat I have now waiting for the
7 locks to open, and people on the Ohio River love the Kentucky
8 River. They can get away from barge traffic. They can get
9 away from the dingy water. It took me two or three months to
10 get stuff off my boat that I picked up from the Ohio. But
11 the people up there love it.

12 We're going to market it. We've got
13 some strong commitments through state level tourism as well
14 as local tourism that the Kentucky River will be marketed
15 from Cincinnati to Ohio to Louisville on a regular basis.
16 And we certainly think that we can increase lockages from
17 what you've seen in the past, and there's no reason not to
18 when you look at another river that's somewhat smaller and
19 not nearly as pretty as our river.

20 I know it's an ambitious goal but we
21 feel we can make that commitment and make it stick.

22 MR. REEDER: Rodney, could you maybe
23 summarize for the Board some of the activities that you all
24 have or business activities that you conceive of and are

1 maybe planning to have as a riverfront development.

2 MR. SIMPSON: Well, that's one we tap
3 dance on a little bit. At this point in time, we worked hard
4 last year through state level tourism to develop an RFP to
5 solicit some planners. We had seven planners to submit RFP's
6 for the river plan here.

7 We're talking about four miles of river
8 here in Frankfort, basically from the Julian Carroll Bridge
9 to right below Dam 4 encompassing the Buffalo Trace
10 Distillery.

11 One thing we've tried to stay out of is
12 trying to lay out a pre-set plan. We want our planners to do
13 that for us. We've short-listed it down to three planners
14 and we've got a selection process through a scoring operation
15 we did and we're down to one planner.

16 We're in the final stages of that
17 scheme. We're awaiting some funding that we think is
18 forthcoming to start this planning group to work. Part of
19 their team is the same group that does some of your
20 engineering -- the Fuller Mossbarger people -- on the river
21 and is part of the team.

22 One of the requirements of this RFP was
23 to have a familiarity with the Corps of Engineers' permitting
24 process. And the Corps agreed quick to come in and say it

1 may be Steve's river but you have to permit through us. So,
2 we've been working with Chuck Parrish from Louisville on that
3 and he's assured us that he will speed anything through that
4 crosses his desk on the permitting process.

5 But what we see and one thing I had to
6 learn when I first started with this Riverfront Development
7 Steering Committee was it's just not about the banks of the
8 river. We're not looking to go in there and put
9 amphitheaters necessarily or concrete the banks where you can
10 walk down there or whatever.

11 A good riverfront development plan
12 encompasses all of downtown Frankfort, the areas around
13 Frankfort. It's the only self-sustaining plan that works in
14 other parts of the country.

15 You can cut some trees and put some
16 more boat ramps and some walking trails and different
17 things, but unless you've got the downtown areas or the areas
18 that bounds the river including several blocks away, unless
19 you've got that process as part of your plan, it's not going
20 to be self-sustaining.

21 In other words, what you're asking
22 about, James Kinley who is one of the well-renowned building
23 preservationists in the United States, probably one of the
24 best known, works on buildings and he did some of the work at

1 the State Annex, but he's also done very major buildings all
2 across this part of the nation, and he's part of the team.

3 And what he's going to do is look at
4 some of the buildings and look at the buildings that have
5 been converted into apartments. I'm told now there's a
6 waiting list on every apartment downtown Frankfort.

7 Once you get these lofts and these
8 upper floors of some of these buildings that's not being used
9 for anything but dust and rats at this point in time and get
10 them converted into nice apartments, then you start seeing
11 more stores and restaurants and other self-sustaining
12 components of a riverfront development start to develop.

13 And at that point in time, you don't
14 need to keep shoving public funds into it. You've got
15 private funds coming into it.

16 The first component of this study is
17 going to be a marketing plan. Once this marketing plan is
18 developed and completed, then we go out to private developers
19 and give our plan to them and this plan already tells them
20 what they can expect if they commit several million dollars
21 to a housing project of some type or condo apartments or
22 something overlooking the river. It's going to tell them
23 what they can expect, a list of people that's going to be
24 ready to go in there and whereabouts they can be charging for

1 the housing costs.

2 We've already got one major developer
3 that's up in Dayton, Kentucky. I've been up there and looked
4 at their project. They're filling in what looks like about
5 the size of Rhode Island the outside of a Corps of Engineers'
6 floodwall.

7 I don't know how long it took to get
8 the permits to do that, but they're actually filling in this
9 area it looks like thirty or forty or fifty feet high and
10 maybe a hundred and some acres that they're filling in.
11 They're going to build a community right on top of that
12 extension of land from the floodwall on out to the Ohio
13 River. He's already expressed interest in coming to
14 Frankfort and doing some developing along here.

15 We certainly don't anticipate nor do we
16 stand for apartment complexes and what-have-you all over the
17 river. That's not what Frankfort is made for. I mean,
18 that's not what it's not made out of. Frankfort is a
19 historical town. We certainly want to preserve that
20 perspective and would never let that go away, but we do see
21 there is opportunity for this.

22 It's been talked about I guess for
23 twenty or thirty years. I did a session here a few weeks
24 ago, and one of the gentlemen after it was over with, he

1 said, you know, if I had a recorder twenty years ago on a
2 gentleman I heard talking, you've almost said the same words
3 he said.

4 We hope to get this off the ground this
5 time. Frankfort is very right for this. Central Kentucky is
6 ready for this, and we think the river and the locks and the
7 dams as being a component of this, not necessarily has to be
8 there but it certainly will be a big help if it is there. We
9 think we can market the river.

10 Any other questions?

11 CHAIRMAN WARE: Do you see the return
12 of any commercial navigation needs?

13 MR. SIMPSON: You know, I don't know.
14 I've thought about that. I've kicked that one around.
15 Certainly not if the locks are closed off. So, I guess the
16 only answer I can give is to throw that out. I'd say it's
17 always a slim possibility if the locks were there and
18 functioning.

19 One thing I did, I've gathered every
20 book I could find, either electronically or purchase it or
21 wherever on the Kentucky River. One problem that occurred
22 early on on the Kentucky River -- and Steve I'm sure is well
23 aware of this -- the locks are substandard in size. That was
24 one of the first coffin nails, I guess, that started on the

1 Kentucky River.

2 And, of course, the railroad, I think,
3 was at the forks at the same time they completed Lock and Dam
4 14. That was the second coffin nail, probably the biggest
5 nail.

6 One good thing about that and one thing
7 that the three planners that came to Frankfort and visited
8 Frankfort prior to submitting RFP's is they said you don't
9 have contaminated riverfronts. That's because we never did
10 have a lot of commercial traffic, barge traffic bringing
11 pollutants in and losing them at the docking sites.

12 So, that's one plus that we had and
13 that's one thing that they really were encouraged by.
14 There's not a major--really, not any cleanup that has to be
15 done along the river from commercial traffic.

16 One thing I would like to see is some
17 dinner boats or a dinner boat and maybe some excursion boats
18 that would consider the Kentucky River. If you've ever
19 traveled the Kentucky River, if you ever went down the river
20 one time, way down the river or just took a ride on the river
21 really, you can see why anybody would love to buy a ticket
22 and get on a boat and spend an afternoon or an evening on the
23 river.

24 I've done a lot of boating. I've

1 boated here ever since my dad would let me drive a little
2 tiller on the back of a five and a half horse, I think when I
3 was a little kid, and there's nothing more stunning than the
4 Kentucky River traveling up and down the river.

5 And you kind of get lost in what you're
6 looking at because you kind of think what it must have looked
7 like and really identical to what you're looking at back 200
8 years ago when Daniel Boone was watering up and down the
9 parts.

10 I don'tt know. You can certainly see
11 some commercialization on the river.

12 MR. GRIER: Rodney, are you looking at
13 putting a little guide book applicable for the county like
14 they did in Jessamine County?

15 MR. SIMPSON: Yes, sir. We're right in
16 the middle of that. In fact, I'm waiting to gather enough
17 time for Steve Reeder and I've got some other commitments on
18 our end. We're going to assist with the -- when I say we,
19 the local utility. We've got five river signs made already.

20 I think Sue had worked on this in the past and probably
21 Steve and the river committees years ago. Historical signs
22 that you can see from the river. We've got a lot of
23 historical signs you can see from the road, but that's how
24 committed we are to this, and we think that we will

1 revitalize the river traffic. We've got five signs ready to
2 go and we're going to put out a booklet just like Jessamine
3 County has done.

4 We've met with the County Judges
5 between here and the Ohio River, all of them. Ted hosted a
6 luncheon and we met with all of them and we're wanting to
7 carry this through. And we designed our signs to where they
8 can be a carry-thru all the way to the Ohio River signifying
9 areas of significant historical value.

10 Some of the old navigation maps had a
11 lot of that on them anyway, but we're going to put signs that
12 boaters can see and study and pick up a map at any ramp or
13 marina. Of course, we're going to have to pick your brain on
14 that one, too, to get the information in print.

15 MR. REEDER: This may not be a fair
16 question, but one question would be this. Of course, you
17 obviously are tying a lot of what you're saying to having the
18 success of what you're talking about to add to a free-flowing
19 corridor all the way to the river.

20 But if you could pick out one lock to
21 fix out of four, which one would you pick? Four?

22 MR. SIMPSON: Well, I think you
23 probably sized it up pretty good. That's forty miles. I
24 mean, you're in the ballpark with a pretty decent lake when

1 you're talking about 40 miles of navigation for navigable
2 waters. You know my druthers, but if we got it pinned down
3 due to money constraints, I think it would be a no brainer.

4 MR. REEDER: I just wanted to ask the
5 question because I had said---

6 MR. SIMPSON: You were hoping I
7 wouldn't say 5, weren't you?

8 MR. REEDER: The dam at 3 is going to
9 have those two alternates in it, and I've often said that the
10 way we've identified it is that if we only have enough money
11 at that letting to do one, we would take 4 because it's got
12 higher traffic.

13 MR. SIMPSON: I've got to tell one real
14 quick story and I'll get out of your hair. When Lock 3 was
15 down on a seal, a land-side seal was bad, it wouldn't seal
16 and Steve said we're trying to find some timber that will fit
17 in there and it has to be fifteen inches across and eighteen
18 feet long or whatever, and he said I don't know if we're
19 going to be able to open it or not.

20 Well, I went out in our system -- I
21 work with the power side -- and found this pole that could be
22 replaced. It probably had another few years left in it, but
23 it looked like it just needed replacing.

24 MR. REEDER: It was brand new, Warner.

1 MR. SIMPSON: I spent some time
2 measuring it and the dimensions were perfect. So, that pole,
3 when I come through there when I got my boat up there at Lock
4 3, I saw that pole. They had just recently installed it.

5 MR. REEDER: Our guys did that.

6 MR. SIMPSON: I took my hat to the
7 engineer that had done it. I'd be happy to answer any more
8 questions but I'll be glad to get out of your hair. I've got
9 another meeting at five o'clock I've got to get to for the
10 same discussion, different crowd.

11 CHAIRMAN WARE: Any more questions?

12 MR. SIMPSON: Thank you.

13 MR. REEDER: Mr. Chairman, I'll make
14 one more comment and then I will turn this back to you on
15 this item for whatever action you deem necessary.

16 I guess the bottom line to it is if
17 we're going to do all four of these things, this is probably
18 the best time to do it because it's General Fund money and it
19 impacts these utility companies the least and causes the
20 least heat on us if you're going to do it, or any part
21 thereof.

22 Two are designed, or Lock 3 and 4 are
23 designed and 1 and 2 are not and none of the four obviously
24 are constructed. So, that's what we're talking about. So,

1 I'm going to turn it over to you, Mr. Chairman, for whatever
2 action you think appropriate.

3 CHAIRMAN WARE: I'll take whatever
4 action the Board deems necessary, but this is the first time
5 any of us have had a chance to look at a draft compilation of
6 the results of the priority ranking.

7 I personally feel it would be a little
8 premature to ask the Board members to select priorities for
9 funding at this particular point in time. I mean, I
10 personally would prefer to go back and review it and then we
11 could schedule a meeting where most of the members could
12 attend next month and then make some recommendations to the
13 Board.

14 DEPUTY SEC. MITCHELL: Can I ask a
15 question, Mr. Chairman? Have all the alternatives for
16 opening the locks to commercial traffic been evaluated? Is
17 repairing the existing lock chambers, is that--maybe this is
18 a question for the engineers. They were designed for
19 commercial barges. If you're going to be using them for
20 recreational boats, you probably don't need as large a
21 chamber. It might not be practical to change the chamber but
22 perhaps you could get by with smaller doors. I don't know,
23 Steve.

24 I know there's other technologies for

1 lifting boats over dams that's not really a lock. It's more
2 like an elevator or a ferris wheel. I've seen some different
3 things that maybe our engineers can answer, but I'm just
4 wondering if we have fully investigated all possibilities for
5 giving to recreational boaters what they want at the lowest
6 possible cost to the Commonwealth.

7 MR. REEDER: The lowest cost, of
8 course, is the boat ramp program we've got for accessing the
9 pools and not going between them. But to answer the first
10 question about the size of the chamber, I think maybe David
11 or Jeff Dingrando could address that because I think that was
12 looked at and it was found it would cost more just
13 overhauling the current design for it.

14 MR. HAMILTON: We never did much in the
15 way of maybe do like a 30-year analysis of the cost savings
16 of maybe having some smaller doors, but I would assume that
17 your construction costs are going to be about the same.
18 Right now, you're looking at essentially replacing the steel
19 gates that are there, but beyond that, you're not really
20 doing a whole lot of construction.

21 So, if you would be minimizing your new
22 lock chamber, you would have to actually go in there and do
23 some additional construction. So, there probably would be
24 some additional cost actually if you were going to try to

1 decrease it, but you would probably be able to gain some of
2 that back in less maintenance costs if you were able to
3 decrease the size of your lock gates.

4 MR. REEDER: Does that answer your
5 question?

6 DEPUTY SEC. MITCHELL: Yes.

7 CHAIRMAN WARE: There had been some
8 evaluation, Glenn, in the past of looking at the so-called
9 elevators and certain contraptions that you will see on lakes
10 and all across the country and a lot of that wasn't feasible
11 on the Kentucky River.

12 MR. REEDER: We couldn't find any
13 examples of any--we looked at that before, those alternate
14 means of lifting boats up. We found all kinds of examples at
15 other places that were unlike the Kentucky River where the
16 terrain was flat. If you went down and looked at Lock 4, in
17 order to do that, to maintain any safety for the boater, you
18 would probably have to buy some more real estate to put them
19 out well above the dam or well below it.

20 And then you've got, of course,
21 increased manpower cost and liability cost on those kinds of
22 trams and that sort of thing. Then what do you do with a
23 houseboat which I think is one of the main users -- picking
24 up a 50-foot houseboat like that and trying to move it with a

1 tram. It can be done. It's just difficult. We could never
2 find an example that was exactly like our terrain within the
3 perimeters of what land we own.

4 CHAIRMAN WARE: Well, there's a lot of
5 things to consider. The information that Kyle presented us
6 on the cost per lockage is very enlightening. I think we
7 need to go back and chew on some of this.

8 It may be that even for the first four
9 locks to come up with a conceptual plan where they would be
10 fully operational in the near future may not be cost
11 effective. I don't know. We may have to look at temporary
12 cutoff walls or something like that to stabilize the
13 structures because we need to maintain the pools.

14 But I personally would like to give the
15 Board members a chance to look at some of this before we take
16 an action.

17 MR. REEDER: I would agree with that.
18 And our office as far as any Board member is concerned will
19 answer any questions or supply you any data that we've got
20 with regard to helping you make this decision. Nothing is
21 going to happen in a month to necessitate a decision anyway
22 because it's a fairly good size decision here to deal with.

23 CHAIRMAN WARE: Are any Board members
24 eager to make a decision today? Well, if not, let's just

1 plan on looking at this and coming back.

2 MR. REESE: Do we have a committee that
3 might look into this and then recommend back to the Board
4 with more information?

5 MR. CHRISTOPHER: I was just wondering,
6 things like I know we had to increase our fee schedule.
7 We've got General Fund dollars here. Does that mean our fee
8 schedule has to stay as it was raised to? Is there relief
9 there that could be given or do we use that General Fund
10 dollars for projects, just things of that nature.

11 I'd like to see the locks opened myself
12 because, just like everybody else, I love the water. I love
13 to be able to go from pool to pool. I think it would be a
14 great thing. But in some ways, I still think about the
15 constituents on the other end that will not be using this but
16 are paying to raise fees that's going to have to maintain
17 these for the future.

18 I think that ties in to I really like
19 what we've received here in our estimates. And even though
20 it's a draft plan, but I think this right here is a very good
21 document that they provided to help give us the ability to
22 make these decisions, and I think this is good information to
23 kind of dwell on. I do appreciate that.

24 MR. REEDER: This report, we paid quite

1 a bit of money for it but we didn't have a tool when I went
2 before the Legislature and that committee back in '06, that
3 Conference Committee.

4 When they got interested in our
5 programs and they decided that they wanted more information,
6 they kept asking me, said, what else is a priority? What
7 else is? Well, I was about to run out of projects that I
8 could prove. You know, I could guess at things, but I
9 couldn't really categorically say anything.

10 That's why the Finance Department
11 procured this contract with Stantec to give us a guide as to
12 what needs to be done and what doesn't.

13 CHAIRMAN WARE: L.C., getting back to
14 your question, possibly the Finance Subcommittee or the Parks
15 and Recreation Subcommittee could take this up, but, I don't
16 know.

17 Given the nature of the subject and it
18 crosses several program boundaries, it might be best just to
19 schedule it. It would be an open Board meeting like all
20 Board meetings are, but it would kind of a be a quasi-
21 planning meeting, wouldn't it, Steve, and we would probably
22 try to focus on this and not have a lot of ancillary stuff
23 going on.

24 MR. REEDER: This one is kind of a

1 planning meeting right here today more or less.

2 CHAIRMAN WARE: So, I would just assume
3 that we just have open input from all the Board members on
4 the subject and get back together to address this issue.

5 So, if no one has any objections to
6 that, I would direct Steve to just set up a meeting in July
7 to address this issue. And if any of you feel like you have
8 any additional need for information, feel free to call Steve
9 or Sue Ann or Dave and get that information.

10 Moving on down the agenda, Steve, do
11 you have anything in a Director's Report?

12 MR. REEDER: I want to mention to the
13 group that to show the wisdom of the Legislature in setting
14 up the Kentucky River Authority a number of years ago and
15 it's been suggested as sort of a model for other river basins
16 to maybe follow because each one of them has their own
17 different unique needs, but I got a call from some people in
18 Western Kentucky on the Green River.

19 A few years ago, there was some
20 effort in the Legislature to set up a study group, which was
21 never funded, a study group to decide whether they needed a
22 Green River Authority or not because they have somewhat--of
23 all the rivers in Kentucky, that one is more similar to ours
24 in that you've got some water users on it and you have the

1 Corps of Engineers there who has abandoned part of and still
2 uses part of it.

3 And, so, bottom line is, at Dam 3 down
4 there, they've got a terrible problem. They've got about
5 three different withdrawers and the Corps of Engineers has
6 officially abandoned the dam. It's falling in.

7 And it's Congressman Whitfield's
8 district. The dam sits in his district. He called me and
9 some of the local people down there and I met with them and
10 gave them technical advice how to establish their own
11 authority. Of course, they've got to go back to the
12 Legislature to do it, but David and I gave them some pretty
13 good advice, I think, with regard to some steps to take if
14 they could manage to get them carried out.

15 But just sort of an aside as to you
16 have to I guess hand it to the Legislature for having the
17 foresight to set this thing up because you think where it
18 would be if not an agency of state government.

19 These people tried that. They called
20 this agency and that and nobody has got any jurisdiction of
21 it. We're the only people that has got jurisdiction of a
22 river.

23 There's a Dam Safety Section in Natural
24 Resources, but it's not their kind of dam. It's not the type

1 of thing they were set up even to do. So, there was no
2 official body to address anything.

3 So, that's just sort of an observation
4 to throw out to you, that there should be at least on two or
5 three of these major things the Legislature probably ought to
6 look to create some authorities, some additional ones in a
7 couple of the more significant river basins to cover water
8 quality, water supply, sort of take our statute and copy it,
9 something like that.

10 CHAIRMAN WARE: After our meeting in
11 May, I had expressed some displeasure with an editorial in
12 the Herald Leader with regard to their contention that the
13 River Authority lacked leadership in particularly the
14 planning arena for the basin. I think we all took some issue
15 with that.

16 As a result, Steve and myself and
17 Lindell Ormsbee met with the Editorial Board in early April
18 about that topic.

19 I went prepared to show them that this
20 document that we had that Dr. Ormsbee developed some five
21 years ago showed that we, in fact, had been meeting our
22 statutory and administrative and regulatory obligations with
23 regard to planning and had probably gone well beyond that.

24 As it turns out, I don't know that

1 their arguments were quite that technical or specific with
2 regard to what was authorized in our enabling legislation.

3 Steve, you can correct me if I'm wrong,
4 but my interpretation was that the Editorial Board was simply
5 frustrated that the River Authority didn't intervene on
6 behalf of the Central Kentucky rate payors in conjunction
7 with the issue before the Public Service Commission on the
8 Kentucky American plant.

9 And as a result, I felt like it was a
10 battle that we just shouldn't fight with the media and we let
11 that issue drop. And since then, the Public Service
12 Commission has made their decision and apparently everyone
13 will have to live with the progress on that particular issue.

14 I don't have anything else today.
15 Another item of business is the Riverkeeper Program.

16 MR. REEDER: Pat and Alan Banks with
17 the Riverkeeper group. Come on up.

18 MS. BANKS: I'm an artist and I'm a
19 citizen's advocate; and if I need numbers, I bring people
20 that have them. I loved hearing about Frankfort.

21 As a Riverkeeper, we think we've got to
22 have a vision thing that would drive the Legislature and our
23 citizens. Right now, going up and down the river, people
24 have a real negative view of the Kentucky River.

1 Normal citizens, they don't think about
2 it. Lexington, they don't know it's there. They turn their
3 tap on. That's all they care about.

4 This is Dr. Alan Banks. He's the
5 Director of the Center for Appalachian Studies at Eastern
6 Kentucky University. This is Herbie Smith, film maker.

7 We started working on a survey looking
8 up our local legislators. We've been talking with county
9 judges, mayors, working our way around, and we've developed a
10 survey. Would you like to describe the survey?

11 DR. BANKS: It has about forty-two
12 questions and they are sent out to county judge executives,
13 mayors, tourism officials, elected representatives in the
14 House and Senate, and these are all local elected
15 representatives that we've sent the survey out to.

16 And it's just sort of a listening
17 project. We're trying to find out what issues are important
18 to the Kentucky leaders, legislators. We interviewed and
19 talked with a number of these people to help shape the
20 survey, and the results are coming in right now.

21 And this is like we see it as a first
22 phase. It's an attempt to use our Center for Appalachian
23 Studies. The Kentucky Riverkeeper is a nonprofit housed in
24 our Center. So, it's a way to promote regional stewardship

1 on the part of the University, a link to human and technical
2 resources from the University with the communities we serve.

3 So, elected representatives in these
4 forty-two counties or so up and down the watershed have all
5 seen these surveys and they are coming in. We are analyzing
6 them. That's sort of our first step.

7 We're going to have another wave of
8 surveys come out shortly after we get the kind of first
9 response to find out who else. You all will get surveys at
10 some point in the near future and we hope that you return all
11 those surveys.

12 One of the things that we've heard from
13 these elected representatives is they would like to see some
14 sort of educational emphasis which would include a video that
15 they could show on public service stations, a documentary
16 about the Kentucky River.

17 And we have right behind me here
18 probably one of the best award-winning film makers associated
19 with Appalshop and he can do water like nobody you ever saw.

20 I don't know anybody but Herb that can shoot water like he
21 does. I've worked with him over the years since 1981, and
22 you know Herbie well and I think he's just a fine film maker.

23 He has agreed to work with us on a
24 documentary, but our time is short because he has some

1 student interns in from Duke University. So, he's got this
2 labor, these skilled film makers to be.

3 And, so, we started kind of mulling
4 around with the idea of how we can fund this project, and we
5 were thinking of doing a documentary and that the documentary
6 would cost about \$50,000.

7 So, the first thing we did is we went
8 and we knocked on Jonathan Miller's door, the Secretary of
9 Finance and Administration. How many people did we have
10 there that day, five or six?

11 DEPUTY SEC. MITCHELL: Five or six.

12 DR. BANKS: And, so, we just sort of
13 talked. We made our presentation and we went home. And two
14 days later, Paul Kaplan sent an e-mail and left a phone
15 message and said be at the Kentucky River Authority's Board
16 meeting and get on the agenda.

17 So, we called Sue and Sue said you
18 can't be on the agenda. Then she called back and said you're
19 on the agenda, something like that.

20 And, so, we're here to ask for \$50,000
21 or a good chunk of that so that we can start working on this.

22 This is an educational film about the Kentucky River which
23 will reflect the mission of the Kentucky River Authority, the
24 quantity, the quality of the leadership and the recreation

1 aspects. We will be interviewing people up and down the
2 whole watershed from Irvine in the headwaters to Winklebury
3 (sic) at the mouth of the river. That's going to be one
4 component.

5 In the meantime, we're going to
6 continue working with these local leaders. We've talked with
7 Crit Luallan. We have Ben Chandler's crew looking at some
8 sort of maybe federal designation for the river, scenic
9 historic or something so we can maybe get billboards up that
10 say you're in the Kentucky River Watershed. This is your
11 thing.

12 The whole thing is an attempt to get
13 students involved from ECU, from Duke University and an
14 educational campaign that will get people to think more and
15 value the Kentucky River.

16 We have protests, we have litigation,
17 we have things like the Stream Saver Bill which has been up
18 for several years. We have Kentucky for the Commonwealth and
19 environmental groups like that trying to address water
20 quality issues that way.

21 What Kentucky Riverkeeper is doing more
22 or less is looking at all these strategies, recognizing that
23 they have a place. But we want to get our students involved
24 in learning active citizenship and we want to have an

1 investment strategy so that people invest in this river and
2 they care about it. It's one of the most scenic, beautiful
3 places in the world and it's not just in Frankfort.

4 Way up past Boonesborough, people sit in their
5 boats at night when the sun is going down saying this is one
6 of the best kept secrets in the State of Kentucky. And
7 sometimes they say they don't want anything done because they
8 don't want anybody to know about it. You know, it's theirs
9 right now, that kind of thing.

10 So, this process, and we see a two- or
11 three-year process. The film is one crucial component of the
12 whole thing. We see it culminating in two, maybe three
13 years. It might be 2011 because the Appalachian Studies
14 Conference is coming to EKU and there's a bunch of other
15 things happening. And since I'm the Director of the
16 Appalachian Studies, it might be nice to fit a bunch of those
17 things together.

18 But we would like to bring those
19 elected representatives and the state representatives and the
20 citizens together at a conference to kind of just sort of
21 talk about the future of the river, the vision of the river,
22 where we are and where we're going, where we've been in a
23 constructive and passionate way that's going to protect and
24 preserve the communities in our watersheds, the communities

1 in our service region, that kind of thing.

2 So, basically, that's the pitch. We're
3 looking for fifty grand to make a documentary.

4 The Kentucky Riverkeeper is also a part
5 of the Waterkeeper Alliance. So, Robert Kennedy, Jr. has
6 agreed to be here for the conference whenever we hold it.

7 MS. BANKS: Of course, that's just in
8 the beginning because what we want to do is change the nature
9 of what people think of the river. We want to give it back
10 to the people. It belongs to them and they have very little
11 access. Many boat ramps are inadequate, very little parking,
12 picnic areas, facilities to use the rest room, some minimal
13 shelter. If you're going to spin down the river and pitch a
14 little fishing boat out there, there's nothing else for you
15 to do.

16 And some of these numbers are great,
17 but our population has grown. And what we're finding out is
18 when people have access to the river, then, they care about
19 it. So many people, it's not even on their radar.

20 The county judges we spoke with and the
21 mayors, they really felt like their communities could benefit
22 if their citizens had the opportunity to find out more about
23 the river and, of course, then students, and they felt like
24 this documentary was really important for them.

1 Much of Appalshop's work is shown all
2 across the world, but KET has used a lot of their
3 documentaries. And the county judges said that they would
4 like to use it in their public system as well as have
5 something that they could use in the schools as well. So,
6 there's multiple levels of use for this documentary, plus the
7 education materials that we set up.

8 I've had a lot of experience with our
9 school system because I also teach in the schools as an
10 artist. And, so, I work with a lot of teachers and help them
11 develop programs. So, that would be incorporated into some
12 of the educational materials as well as community-friendly
13 information for people to use.

14 Like Alan said, we want to go towards
15 this conference, but we see this as the beginning and we also
16 see--I picture this as a web. Our goal is to have the river
17 swimmable and fishable. We would like to see major
18 development.

19 When we think about development, have
20 it thought of in a green way so that we have sustainable
21 communities, have something to offer people up in the
22 mountains other than strip mines, give them their river back,
23 give us our river back with something that's sustainable and
24 think about wet areas and habitat that we can preserve.

1 The Palisades are wonderful. The birds
2 are coming back. We just started seeing the large birds
3 really coming back in a big way -- the buzzards and the
4 herons and they love these areas. There's so much to protect
5 and, yet, I think to do that, we've got to get people on the
6 water. We've got to get them there.

7 We have to be on the radar. We're just
8 not. Otherwise, we're preaching to the choir. We do partner
9 with Watershed Watch. Alan has been on that board where we
10 do the water testing. We partner with other groups. It's
11 all important, but we want to see something happen all along
12 the river and bring everybody to do that.

13 But, again, we think it's education,
14 getting people to care so that you have your \$20 million per
15 dam to do what you have to do. Why can't we bring that in
16 here? If people care about it and they see it as a resource
17 and investment, we might be able to get them behind us.

18 Any questions on the proposal for the
19 documentary?

20 MAYOR MILLER: Who else have you
21 approached for funding?

22 MS. BANKS: Well, we've written several
23 grants but not specifically for this project.

24 MR. REESE: What about the judges and

1 mayors that you've talked to, were they willing to
2 participate financially?

3 MS. BANKS: I think a few might, but we
4 haven't approached them for this.

5 DR. BANKS: Most of our local officials
6 are supportive. People like Connie Lawson who is County
7 Judge Executive of Clark County has offered us \$1,000. So,
8 there's been that help locally, right around our area. But
9 this sort of has come up very quickly for us. So, we haven't
10 had a lot of time to go out and beat the doors. This is the
11 first pitch, the second pitch.

12 MS. BANKS: Also, the county judges
13 pointed out that many of the counties up in the headwaters,
14 they're working on infrastructure.

15 And what we can do with the survey and
16 some of the other initiatives that we're trying to do, we
17 want to help bring resources to those communities so they can
18 do the right thing, and we're committed to that. And the
19 county judges that we're talking to felt like that would
20 bring a lot of the counties in this region along for the
21 project going after the other money.

22 MR. GRIER: Is the principal goal of it
23 the film, the DVD? Is that the net product or are there
24 going to be other net products?

1 MS. BANKS: This is the start, to start
2 that communication with our communities, community people,
3 community groups and the schools. It will be a tool for
4 that.

5 I'm almost confident that KET will want
6 to pick this up, but it's just the start because there's
7 other educational materials that we will be developing on
8 this and it's just an aspect for raising the consciousness
9 for people up and down the river. We're here for the long
10 haul.

11 This is not something that's going to
12 happen overnight. You guys have been around. You've been
13 beating your head. You've been working hard, but to get
14 people behind this might make your job easier.

15 We see us, we hope that you see us as
16 we see you as a major partner because your mission statement
17 is what we're all about -- maintain and manage the water
18 resources, provide clean water supply, quantity, but we're
19 also interested in the quality, providing leadership and a
20 common forum for stakeholders. We just want to help bring
21 some of those people into this and promote the highest and
22 best recreational uses for the water.

23 It's a double-edged sword. The more
24 people you get on the water, you have other issues you have

1 to take care of. You have to have pumping stations. You
2 have to have other regulations that you're dealing with, but
3 it could be an incredible community-building tool for our
4 region.

5 Frankfort is talking about the
6 development that they see that could happen. Imagine if you
7 could go all the way up the river eventually and it really is
8 gorgeous. We're at the point that there's not a lot of
9 things you have to fix. Like they were saying, we don't have
10 a lot of cleanup. There's not a lot of junk. It's just an
11 incredibly beautiful river that if people have the concept in
12 place that it's something that you can protect and sustain
13 and still live with, I think that's huge.

14 CHAIRMAN WARE: What is your all's time
15 frame with respect to trying to get funding together for this
16 phase?

17 MS. BANKS: Do you want to address
18 that?

19 MR. SMITH: Of course, I know it's late
20 in the day and we don't want to take a whole bunch of your
21 all's time, but we would like to shoot this summer. And,
22 then, depending on how much funding is available, we would
23 begin editing immediately if we had the funds, but that's the
24 real question.

1 MS. BANKS: And maybe have a final
2 sometime in the spring.

3 MR. SMITH: Six months.

4 DR. BANKS: You asked the question,
5 Bill, about what is the end product. The end product is, as
6 a teacher, the end product is to provide a real lesson in
7 active citizenship and being involved in a participatory
8 project. But living with the river, you know, the river is
9 what is important.

10 MS. BANKS: A disclosure -- we're
11 married.

12 DR. BANKS: But the process, I would
13 like to see it last--a lot of like what Herbie said, a lot of
14 the shooting probably needs to take place this summer because
15 it's cheaper to do it this summer than later because all the
16 interns are available. So, right now, it's kind of crucial
17 to that.

18 But I'd like to see the project go
19 further because, as a teacher, I'd like to see more students
20 involved in the editing and putting it into production and
21 putting the video together because I know what a valuable
22 experience that is because I've worked with Herbie on other
23 projects and Herbie has taught me so much and Herbie can
24 teach students in a day what it takes a semester to learn in

1 the classroom.

2 MR. GRIER: Of course, I've known
3 Herbie a long time and I know the quality of the work that he
4 can produce of films. It's extremely good work and I'm very
5 familiar with his organization.

6 But I'm just trying to get an idea if
7 there's something that the Kentucky River Authority puts its
8 name on, as Bob just mentioned, we got some bad press,
9 regrettably bad press. It was not true, but it's hard to get
10 in an argument with people that buy ink by the barrel and you
11 generally lose when you get into that kind of an argument.

12 I don't know how much headway we made
13 with the people that buy ink by the barrel, but positive
14 publicity about the river is good, and I do mean positive.

15 You know, you talk about the herons.
16 There are lots of herons on the river all up and down. I've
17 been on it. I'm one of the last people that have been from
18 Carrollton to Beattyville on a boat which you can't do now.
19 And I've been on most of the major rivers of the world and I
20 would put the Kentucky River up against the Nile or the
21 Amazon or any of these rivers I've been on. It is indeed
22 beautiful.

23 And I think bringing out the positive
24 elements of the beauty of the river is very, very important.

1 I mean, it's swimmable now and it is fishable right now.
2 So, there's some many, many positive things about it that I
3 think people should be aware of.

4 We do have some negative press in the
5 Kentucky River Authority. So, that would be positive from
6 our viewpoint.

7 MS. BANKS: I think it would be
8 important to educate people on what some of the issues are,
9 though, when you talk about sedimentation and some of the
10 things that do affect the quality of life along the river.

11 And, of course, a lot of the
12 municipalities now are--you know, Richmond, Winchester, I
13 believe Irvine are all working on their water treatment
14 plants. Lexington has a little a while ago. There are those
15 positive things that can be also. People need to get credit
16 for the hard work they're doing and we want people to know
17 that all these groups are working hard.

18 DR. BANKS: On Friday, we will be
19 swimming in the river.

20 MS. BANKS: Well, it's swimmable at
21 certain times. After a rain, you don't want to go in it.
22 Too many of the systems have failed, but educating people of
23 what the possibilities could be. If you can't envision it,
24 it's not going to happen.

1 MR. GRIER: Tell them about your thing
2 in Estill County on June 22nd.

3 MR. CHRISTOPHER: Well, they're
4 probably aware of that being from Richmond. Our county is
5 celebrating our city bicentennial celebration. And, so, we
6 certainly have been trying to market the river greatly, and
7 we are bringing in the river as part of that celebration with
8 several events. Dr. Bill here is going to be part of that.

9 And, so, I agree wholeheartedly, the
10 river today is better than it's been in twenty years and we
11 hope that it continues to be.

12 DR. BANKS: You've got a great place
13 for the river, too.

14 MR. CHRISTOPHER: We hope it continues
15 to get better and better and better. So, we do encourage
16 that. That will be the weekend of June 21st, by the way.

17 MR. GRIER: In Irvine.

18 CHAIRMAN WARE: Does anybody have any
19 more questions for Pat and Alan or Herbie? We appreciate
20 your all's presentation before us.

21 I would ask Steve and staff to take a
22 look at this. We were going to pretty much dedicate
23 ourselves to the prioritization process at the next meeting,
24 but we could possibly also take some time to look at any

1 recommendations you all might have along with any potential
2 funding capabilities we would have after a not-so-positive
3 budget overview today.

4 Given the constraints that we have
5 before us budgetarily, I think it would be premature to take
6 any action today on anything of this nature.

7 MAYOR MILLER: I would suggest you
8 contact the E.O. Robinson Fund. I would think they would
9 have some money available for something like this. I would
10 think that. I can't speak for them.

11 DR. BANKS: It's a private foundation
12 based in Jackson.

13 MR. REESE: I would also talk to some
14 of the county judges because they do have a slush fund or
15 something that they could donate \$500, \$1,000.

16 DR. BANKS: I think you call that a
17 discretionary fund.

18 MS. BANKS: This is a timing question,
19 and we are aware of the grant-writing process. We do know
20 that there are procedures. We are asking you to jump ahead
21 and jump out of the box for this because it is a great
22 opportunity. We have a lot of momentum going with the
23 survey, with a film maker who is available and we know we're
24 going to have an excellent product.

1 So, I would like for you to fund the
2 whole thing so that we could be making our plans, but you
3 need to fund enough of it that we can get started so that we
4 can have enough time to get everything going and we need to
5 take advantage of the student labor where we have it.

6 MR. CHRISTOPHER: Who are the interns
7 that's going to be involved in it?

8 MR. SMITH: There's a scholarship
9 program. Actually, ironically, you know there's a Robinson
10 Scholar Program connected to the E.O. Robinson Fund, but
11 there's also a Robertson, R-o-b-e-r-t-s-o-n, Scholar Program
12 that's connected with the University of North Carolina at
13 Chapel Hill and Duke. And, so, there are two groups at
14 Appalshop.

15 CHAIRMAN WARE: Thank you.

16 DR. BANKS: Thank you for hearing us.

17 MS. BANKS: Thank you, and we do
18 appreciate all the work you do. We want to make sure we have
19 the resources to do everything we want.

20 MR. SMITH: And do we understand this
21 to be on the agenda at the July meeting?

22 CHAIRMAN WARE: Yes. Is there any
23 other business anybody on the Board would like to bring?

24 MAYOR MILLER: I'd like to go back to

1 Mr. Grier's thing on the Bluegrass Consortium. Sometimes I
2 speak before I listen to everything that's been said, but I
3 one of the things he talked about was the possibility of
4 using that \$900,000.

5 And the valve at Dam 8 and Dam 10 would
6 directly affect the water supply of all the cities in the
7 Consortium with the exception of Winchester and Georgetown.
8 So, that might be something that they want to consider, the
9 possible engineering of it or partially funding it.

10 MR. REEDER: You say the control valve
11 at 8 and---

12 MAYOR MILLER: Eight and 10.

13 MR. REEDER: Well, 10 does affect
14 Winchester.

15 MAYOR MILLER: Well, yeah, you're
16 right. So, that would affect all the cities but Georgetown.

17 MR. GRIER: Steve, are you going to
18 check to see if those funds will be available to us?

19 MR. REEDER: We could ask the question
20 certainly of the Budget Director under that circumstance if
21 those monies could be applied to our repairs because they
22 benefit that. Probably, though, we'll have to have some
23 concurrence from the Commission itself I would think, but I
24 don't know. We could ask the question. The Budget Director

1 on these gray areas is the interpreter. She is the court
2 basically with this stuff.

3 CHAIRMAN WARE: I just don't know what
4 the Commission has planned from this point on, I mean,
5 whether they're going to try to move forward with
6 interconnecting supplies and if that's going to require
7 engineering to do that.

8 MAYOR MILLER: If it's okay with
9 everybody else, let Steve write them a letter and ask them
10 what their intentions are and ask them to consider these two
11 options in their intentions. Would that be okay with you,
12 Mr. Grier?

13 MR. GRIER: Yes.

14 MAYOR MILLER: That's all I have.

15 CHAIRMAN WARE: Good suggestion, Mike.

16 MR. REEDER: I'll carry through with
17 that.

18 CHAIRMAN WARE: Anybody else have any
19 business to bring up today? Is there anyone else in the
20 audience that has any issues or items that they want to bring
21 up?

22 If not, I would entertain a motion to
23 adjourn.

24 MR. CHRISTOPHER: So moved.

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CHAIRMAN WARE: Thank you very much.
(MEETING ADJOURNED)

STATE OF KENTUCKY
COUNTY OF FRANKLIN

I, Terri H. Pelosi, a notary public in and for the state and county aforesaid, do hereby certify that the foregoing pages are a true, correct and complete transcript of the proceeding taken down by me in the above-styled matter taken at the time and place set out in the caption hereof; that said proceedings were taken down by me in shorthand and afterwards transcribed by me; and that the appearances were as set out in the caption hereof.

Given under my hand as notary public aforesaid, this the 25th day of June, 2008.

Notary Public

State of Kentucky at Large

My commission expires February 10, 2009.